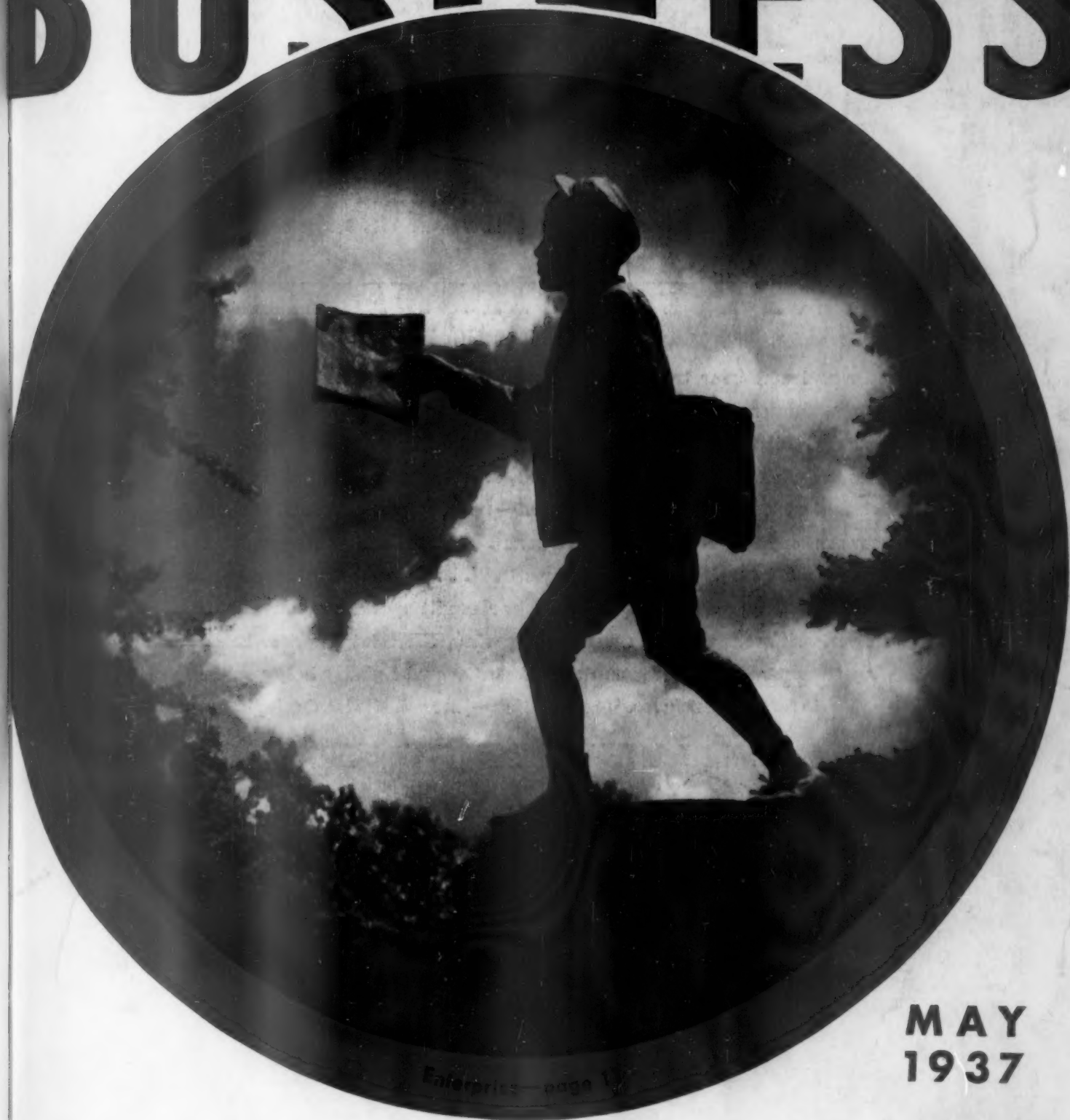


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NATION'S

APR 29 1937

BUSINESS



MAY
1937

Enterprises—page 17

These Tremendous Years • By Neil M. Clark



THE SAME TALE IN TWO CITIES ...BY TELETYPEWRITER

Wherever and whenever two Bell System teletypewriters start "talking," every word is simultaneously recorded at both ends. The time's the same, the type's the same, and distance doesn't matter. There can be no question of what was agreed to, of what instructions were given, or what prices quoted. It's all down in black and white, exactly as transmitted—upon company forms, if so desired, with carbon copies for other departments. • American business is steadily adopting the efficiencies of "typing-by-wire" . . . to co-ordinate operations of branch offices any distance apart, to clear credit questions, expedite orders and deliveries. Fast, accurate, and money-saving, the teletypewriter brings new meaning to service. • Bell System representatives will gladly help you find out what it can do for your business. No obligation—just call the local telephone office.

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**QUESTIONS our readers
are asking:**

- 1 • **PRICES** are increasing rapidly. Does this mean money is losing its value? Is this inflation? What is inflation?
..... ANSWER ON PAGE 15
- 2 • **CAN** rising prices be controlled and, if so, who is to control them? ON PAGE 17
- 3 • **WHAT** is the business activity that we have lost and are now earnestly trying to recover? ON PAGE 18
- 4 • **IS** it actually possible to produce merely for use, not for profit? ON PAGE 19
- 5 • **CAN** government operation improve the standard of living just as well as private operation? ON PAGE 20
- 6 • **IF** it is all right to buy some things on instalments, why isn't that a good way to buy anything? ON PAGE 21
- 7 • **WHAT** crop could I raise on a farm that would not be affected by a surplus? ON PAGE 24
- 8 • **WOULD** compulsory health insurance be a good thing for this country? ON PAGE 29
- 9 • **IF** government sets up a planning board to direct the course of business activity, how do we know the planners will use good judgment? ON PAGE 98
- 10 • **DID** any town ever get anywhere trying to improve business conditions? ON PAGE 120
- 11 • **WITH** prices acting as they are, is it best for me to build up my inventories—or shouldn't I? ON PAGE 122
- 12 • **IS** this new pure food bill just the old "Tugwell" bill in a new form? ON PAGE 138
- 13 • **ARE** we likely to have tighter money in the near future? ON PAGE 149

What is Coming in June
Turn to Page 156

Contents for May

	PAGE
Are We Playing Leapfrog?	15
By HERBERT M. BRATTER	
Eight Facts Looking for an Audience	18
What Shall I Buy on Time?	21
By E. M. FINBURY AND GERTRUDE LEVY	
Climbing to Success on Frog Legs	24
By JOHN ANGUS HAIG	
A Model Trade School	28
Uncle Sam, M. D.	29
By PAUL A. WILLIAMS	
These Tremendous Years	33
By NEIL M. CLARK	
"Planaceas"	98
By H. C. DALE	
He Could Have Worked Harder	112
By HERBERT N. PASTEUR	
Minneapolis Sells Its Visitors Fun	120
Inventories and Rising Prices	122
By RICHARD J. MAYER	
The Onion Turns to Crime	128
Prosperity in a Coffee Cup	133
By DONALD MACGREGOR	
Modernizing the Pure Food Law	138
By DORSEY HATFIELD	
\$10,000 a Year and Extras	160
By CARLISLE BARGERON	
The Regular Features	
<i>Through the Editor's Specs.....</i>	<i>7</i>
<i>A Time for Inventory.....</i>	<i>By MERLE THORPE 13</i>
<i>Business Highlights and Sidelights.....</i>	<i>31</i>
<i>No Business Can Escape Change.....</i>	<i>102</i>
<i>Washington and Your Business.....</i>	<i>104</i>
<i>Leaders in the March of Business.....</i>	<i>166</i>
<i>The Map of the Nation's Business.....</i>	<i>170</i>

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G-E research has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric

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MONTH BY MONTH the story in business and in industry is a story of constant change. Last year's NEW methods are already outmoded by improved, newer methods... the development of newer and more efficient machines... the discovery of new products and new processes.

Successful executives know the supreme importance of keeping up-to-the-minute on the latest developments in their particular lines. That's why some 250,000 business executives and buyers from 72 countries make a regular practice of covering the semi-annual, international Leipzig Trade Fairs.

Here at Leipzig in the short space of one week, they find the latest developments in machinery and equipment, the newest trends in merchandise style and design. Here they discover new items that help keep their firms out in front in the mad scramble for increased sales and increased profits.

If you are interested in keeping pace with tomorrow's methods, we suggest that you make plans now to attend the General Merchandise Fairs and the Building Fair, to be held in Leipzig August 29th to September 2nd. Some 6,000 exhibitors from 25 countries will help make your visit highly profitable. Let us tell you more about the Fairs, about special travel discounts, etc. Write today for Booklet No. 15. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.

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Through the EDITOR'S SPECS

Need for Clarification

NEWS stories coming out of the wave of strikes suggest the current remodeling of the capitalistic order. That wealth of itself once gave dominion over trade and industry the history of the fiscal operations of the Medicis, Fuggers and Rothschilds readily argues. How much the contemporary system is under the yoke of gold John D. Rockefeller, Jr., is quoted as saying that in his father's time the man with money ruled business. In his son's time, if current portents are borne out, "the man who can control men will rule business."

Through the centuries there has been a shift of influence, an era which has seen the rise of institutions for centralizing the savings of millions of people and the application of their combined means through investment to create and sustain productive enterprises. Public men have failed to teach the people the usefulness of capitalism, have failed to point out the distinctions between mere concentrations of money and the beneficent union of individual financial sinews. How fearfully the demagogues have interpreted "massed wealth" in their own interest, the trend of events ominously implies. All too neglected in the public interest is the exposition of the broad social significance of "organized thrift."

Sit-downs & low-downs

POLITICS, it is said, makes strange bed-fellows. Ditto, labor politics. Here is how John L. Lewis publicly characterized three labor leaders in 1930:

Fakirs, repudiated leaders, traitors to the unions, opportunists and purveyors of every falsehood, slander and deception....

The three men were Brophy, Hapgood, and Germer, today the ace lieutenants of Lewis in the C. I. O.

And here is what Brophy, Hapgood, and Germer said of John L. Lewis in 1930:

The history of the United Mine Workers of America under the régime of John L. Lewis has been an unbroken series of

defeats and calamities throwing hundreds of thousands of our members and their families into the depths of poverty and destitution.

Persuaders at a price

UNANIMOUS nominee for a catalog of odd businesses would be the whip production of Benjamin Schwartz. No accessories of horse and buggy days are his hand-made cat-o'-nine-tails. They are intended for parents on New York's lower East Side as carnal persuaders of unruly children and wives. A cobbler for many years, he saw the hand-made shoe largely displaced by the machine product. Once he could turn out a whip a minute. Now in his seventies, a whip in five minutes is the best he can do.

Business, Mr. Schwartz told an inquiring reporter, is just as good as ever. He pointed out that a familiar figure in East Side streets is the "whip man" who strolls along, with a gross of the instruments over his shoulder, calling out to the Jewish housewives, "Finif cents a con-chickell" or "five cents for a little whip."

The whips come in three standard sizes. Recommended for babies and very little children is the light model, with eight thin leather strips. A more popular size is the second with five bands of heavier leather. But the one Mr. Schwartz makes especially for husbands to keep the older children and the women folk in line is the heaviest, a whip with four thick thongs about fifteen inches long.

Each whip has a leather loop by which it can be hung from a hook. Biggest value of the instrument in Mr. Schwartz's eyes is in its symbolism when prominently displayed. How persuasion compounded of such stern stuff can maintain its power against removal and breakage by the prospective whippers is a problem for the psychologist.

A letter to a "constituent"

ONE of the pro-court plan senators got a letter the other day from the lady chairman of the "General Arthur St. Clair Post of the Daughters



Somebody's Little Girl

Hit by a speeder. Hit because a driver failed to keep his car under control. Too bad he didn't have a Red Arrow on his speedometer to warn him to drive at a *safe* speed on the highway and to slow down to a *safe* speed on entering the town.

Join the "NOT-OVER-50" Club

For just one month try driving the "NOT-OVER-50" Club way. See how the Red Arrow on your speedometer warns you of the danger of excessive speed—helps you keep your car always under control on the open highway and in towns. Discover for yourself how few minutes you actually save by driving over 50 even on an all day trip. If you are like most people you will never go back to either the physical strain or the danger of fast driving. Send for your Red Arrow today!

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The "NOT-OVER-50" Club is part of Lumbermens program to provide car insurance at cost. Because it insures only careful drivers and conducts safety programs to prevent accidents, Lumbermens losses are low. The savings that result coupled with its 24-year record of sound, economical management make possible the big cash dividends which have been paid to policyholders every year. When you insure in Lumbermens you "save with safety" and you insure at cost.

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of the American Revolution," located in one of the western states. The chairman said some unpleasant things to the senator because of his support of a measure she maintained would pull down the pillars of democracy. The senator wrote a courteous reply. It was addressed to:

"My dear General St. Clair."

Old names, new products

WHAT'S in old business names attains new meanings by use of established resources in new ways. Two examples speed the text:

From Cleveland comes word that the Peerless Corporation, the company that turned from making automobiles ("All that the name implies." Remember?) to brewing beer and ale, pushed sales in 1936 to \$2,275,000, more than twice the 1935 total and was able to report a net profit for the first time since 1933, when it transformed its plant to the new products—the first profit of any magnitude since 1926.

From Rochester issues report that the 1936 income of the Eastman Kodak Company was notably augmented by sales of acetate yarn by its subsidiary, Tennessee Eastman Company, with its plant at Kingsport.

That markets can be created in hard times as well as in good, the showing of the corporations mentioned substantially argues.

Human needs and revolution

OUR readers have become surfeited no doubt with warnings in these columns against accepting national policies and practices at face value because they have been adopted in European countries. Many major activities are proposed today with almost the sole argument that "England has" or "Germany did."

Now comes Dorothy Thompson, foreign correspondent, who sums up most effectively our many random, scattering comments. She says that it is not true that European governments have fallen because they failed to respond to "human needs." They fell because they tried to meet the demands, and that our danger of losing democracy lies in our following their example. The German Republic, for example, she says, had all the things, did all the things, that it is proposed we do "to meet human needs and avert revolution." She continues:

It (Germany) had universal sickness and old age insurance; unemployment insurance and federal relief; huge and really magnificent schemes of subsidized housing; vastly extended public works, playgrounds and sports areas, built by municipalities with federal subsidy; it had general trade unionism, guaranteed legal status, and wage and hour agreements worked out by collective bargain-

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Please send me..... safety packets described above. I understand that these insignia are free and that this places me under no obligation.

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Return.

Name.....

Address.....

City..... State.....

ing and having the force of law. It had considerable codification of industry. It raised the standard of health and more evenly distributed the economic gains.

It finally came to handle and control some forty per cent of the national income. And it did all these things quite efficiently because it had an admirable bureaucracy. But it did these things on borrowed money, and one day it had to face either retrenchment or financial collapse. And it was in that moment that political democracy had to stop in Germany. That was a year before Hitler came into power.

The show-down came over Bruening's deflationary budget. Bruening was the last person in the world to wish to resort to dictatorial methods. He was, and is, one of the most unassuming and unambitious of personalities, a devout and mystical Catholic, a profound humanist, and a deep believer in human dignity and human freedom. But he grasped at a completely undemocratic political means, because he honestly thought that he had to do so to save Germany from financial collapse. He had to stop the subsidies to the farmers, which there, as here, went to peasants and to great estate holders also. He had to reduce the insurances, and do it in the midst of a depression. He had to do it because the German people had swum into the depression with a terrific debt. And he could not get a Reichstag majority for that cruel, but necessary budget.

So he found a clause in the constitution which gave emergency powers to the President. That clause was not put there for the purpose of passing budgets. It was put there with such an emergency as war in mind. Bruening distorted the basic idea of the constitution, while remaining within it. . . .

Time at a premium

WHAT is work? Familiar definitions are as inadequate as they are debatable. When Professor Dickinson of the University of Michigan explored prevalent ideas of work, he accepted the economist's definition, "Work is any activity which you undertake, not as an end in itself, as in the case of play, but primarily for an ulterior purpose, such as a wage, a profit, mere 'experience' which is expected to be useful, or for the benefit of some person whom you want to help."

How sufficing that definition every man can answer for himself. Testing it against the problem of what to do with spare time, it is susceptible of a plurality of individualistic interpretations. For example, the many occupational interests of Howard Booth of Roseland, New Jersey. Five days a week he attends classes at the Newark College of Engineering. After school hours he helps a draftsman. On Saturdays he sells shoes. On Sundays he guards a bank. Along with these commitments, he is a member of the Borough Council, leads a boy scout troop, serves his church. "Life is real, life is earnest." . . . Old words burnished to a new lustre by this young man's application of them. Out of the pattern of part-time learning and doing will emerge a life full and



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It makes no difference if your carefully laid plans for saving have been upset during the past few years. It makes no difference if you are worth half as much today as you were then. Now, by following a simple, definite Retirement Income Plan, you can arrange to have a monthly income guaranteed you for life, starting fifteen years from today.

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It sounds too good to be true. But it is true, for the Plan is guaranteed by a company with over half a billion dollars of insurance in force. If you want to retire some day, and are willing to lay aside a portion of your income every month, you can have freedom from money worries. You can have all the joys of recreation or travel when the time comes at which every man wants them most.

The Plan is not limited to men of 40. You may be older or younger. The income is not limited to \$150 a month. It can be more or less. And you can retire at any of the following ages that you wish: 55, 60, 65, or 70.

How much does it cost? When we know your exact age, we shall be glad to tell you. In the long run, the Plan will probably cost nothing, for in most cases, every cent and more comes back to you at retirement age.

Write your date of birth in the coupon below and mail it today. You will receive, without cost or obligation, a copy of the

new illustrated booklet shown. It tells all about the Phoenix Mutual Retirement Income Plan. Send for your copy now. The coupon is for your convenience.

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GUARANTEES YOUR FUTURE



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Business Address

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Today's most remarkable story of great value at low price is found, not in the newspaper advertisements you read, but in the light under which you read them.

BARGAINS? Certainly. The advertising columns of your daily newspaper are full of them. Silk stockings at 59c. Men's suits at \$22.50. Tires for \$9.75 that will outrun their expensive ancestors by ten to one. Better automobiles at \$500 than twenty times that sum could have bought in 1916.

But the greatest bargain of all is none of these. It is the sight-saving, time-saving, labor-saving commod-

ity we call electricity. Despite wide fluctuations in the cost of manufacturing and delivering electric current, its cost to the user has moved year after year in only one direction — downward. The "light bill" of the average home is not appreciably higher today than it was ten years ago. Yet that home is now using brighter lights and more of them — now has, at the very least, a radio, an electric iron, and one

or more other useful appliances.

Best of all, electricity's value increases as it takes over more and more work — the preservation and cooking of food . . . the washing of clothes and dishes . . . the cleaning and the hot water supply. Westinghouse research and apparatus help your power company to supply you cheap electricity for these tasks. Westinghouse appliances help you to use it most effectively.



Westinghouse

The name that means everything in electricity

whole. No contradiction in concluding that he welcomes his leisure for the opportunity to work.

Nobody dodges taxes

SO you don't pay any taxes?

About \$18 a room per year is the portion of his rent that the average apartment dweller pays in taxes, according to a "sampling" recently made by the Northwestern Life Insurance Company. It got the figures from the books of property managers and the tax books in 48 cities, taking high grade, middle class and poorer structures, in as fair a proportion as could be done. The survey included 354 apartment buildings and 1,165 one- and two-family houses. It shows that taxes are 13.6 per cent of rental rates in apartment houses, 19.2 per cent in double houses, and 28 per cent in single family houses.

"So you don't pay any taxes? Well, that's nice—or is it?" Under this headline Leroy T. Vernon in the *Chicago Daily News* showed how taxes the renter pays—unknowingly—are going up. A check of the books for 118 apartment buildings, he said, shows taxes amount to a total of 17.6 per cent of the gross rents paid, and the percentage is 1.5 points higher than the previous year.

Mr. Vernon intimates that this may have something to do with apartment costs.

Child labor as painted

MEDITATIONS on a sculptor's figure of a newsboy as reproduced on this month's cover:

From time to time these columns have raised an eyebrow over the charges of the "youth control" zealots, who dubbed the cause "child labor." The popular picture of a manufacturer hiding behind a tree in the schoolyard to carry off little girls in pigtails to a lathe for 15 hours a day at 76 cents a week somehow never appealed as fact. Searching for examples, the cases of children at work in industry were invariably in "some other state."

One time our eye fell upon a Federal bulletin on the subject. The cover carried a photograph of a naked, skin and bones child of 11 or 12 as an illustration of the evil in America. The picture was strangely reminiscent. Finally, it dawned upon us that we had seen it before on literature appealing for funds for starving Armenians. We offered a prize to an enthusiastic supporter of the Child Labor Amendment if he would get us the original of the picture from the Federal Bureau. He tried. "It had been misplaced." That was two years ago and the photo is still unfound.

Recently, one of the new picture magazines carried a photograph of a grimy-faced youngster of 8 or 9 wearing a miner's torch-cap, with the caption, "2,000,000 of these deprive adults of jobs." A reward for the original would never be claimed. Oil lamps on caps are *passé*; it would be a feat for even a 16-year-old nowadays to get a job in a mine as water-boy.

In the debate upon the Amendment in the New York legislature, affidavits were introduced to show that other pictures of children working, which appeared in a popular weekly, had been faked.

ONE ARGUMENT advanced against amending the Constitution is that it is too slow. The Child Labor Amendment is cited. Perhaps the people are wiser than is suspected. Perhaps they see a purpose not expressed in the phrase "child labor," but in the phrase "youth control." Perhaps they have not been stampeded by stage pictures of skull and bones in the desert.

Senator Vandenberg has introduced a new child labor amendment. It is a happy one. It eliminates the word "regulate." It lowers the age from 18 to 16. It adds "for hire." It would stamp out whatever is left of the evil of employing children in factories, and would leave a minimum of control over children in homes and on farms to a Federal bureaucracy.

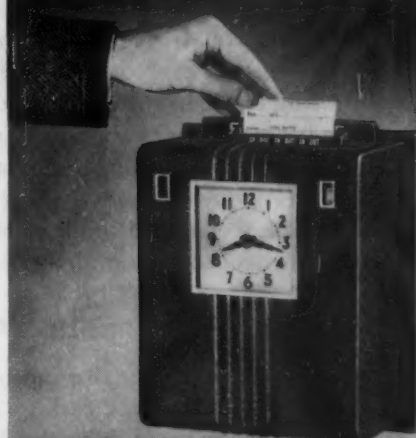
MANY OF OUR READERS will linger over the photo on our cover this month. To them it will not be a statue of a newsboy but a monument to the "first job." Because, go where you will, to banks, to legislative halls, to brokers' offices, to stores, or hospitals, or headquarters of transportation companies, you will find men who got their first business training pounding pavements with newspapers under their arms.

It is true, they were frequently out in weather they should not have been out in. They were out at times when they should have been in bed. The profits were not great; they saw and learned much that was sordid. But they also learned to work, to know human nature, to fight for what they believed they deserved.

Whether or not they feel that they are better off for this experience, all of them will find memories in this cover—memories which they cherish and are proud of, which they regard as worthy of a sculptor's art. And many sculptors have agreed with them for statues of newsboys are not uncommon.

This one, photographed by Nesmith, stands in Great Barrington, Massachusetts.

NOW any business can afford a TIME CLOCK



ONLY \$110 Previous Recorder
Prices Over \$210

• If you employ as few as 8 or 10 people, you can now enjoy the money-saving advantages of a modern in-and-out time recorder that fits perfectly the needs of both large and small organizations.

**New one-hand operation!
Sells at 1/2 previous prices!
Smaller than other recorders!
Electric—Automatic**

This new electric Stromberg Recorder sells for only \$110.00—and—one of its great and unique advantages is *one-hand operation!*

Space-saving—it is smaller than other recorders—yet it takes full-size time cards for any pay period. Plug it in to any A.C. light socket (or it may be used with a Western Union or master clock) and it will tell you—*accurately*—the comings and goings of your employees. *Ideal for your Social Security Records.*

Unusually sturdy and rugged—it is made in modern design, eliminating cumbersome weight and size without sacrifice in durability.

Don't spend money for repairs on an old-fashioned recorder when the cost of these repairs plus the trade-in allowance may pay entirely for this new and modern recorder. Write today for further information. No obligation.

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CHANGES ZIGZAG OF A BLOWOUT INTO A "SAFETY LANE"

WILL I
COME TO A SAFE
STOP? YES!

NOT for you the zigzag careening of the car after a tire bursts. Not a flicker of fear about the onrushing traffic in the other lane. For in that instant after a blowout, the new Goodyear LifeGuard* Tubes put you in a new kind of traffic lane... a *Safety Lane* that's free from the tragedy that up until now has always followed in the sudden collapse of a tire, and steering wheel torn from driver's hands.

Time to stop—after the blowout

Today any front or rear tire can blow... you can rip a hole a foot long in the casing... but if that burst tire carries a LifeGuard Tube, the slenderest of women can bring the car to a safe, smooth and straight-

tracking stop. The wheel stays steady with plenty of time to stop.

Exactly how this new inner tube protects you is explained in the box below. When you read the description keep in mind that this LifeGuard Tube is the result of 1300 different designs. That it was perfected only after it was dynamited on speeding test cars, slashed by rotary knives and flayed by steel spikes at excessive speeds from 50 to 80 miles per hour.

LifeGuard Tubes cost more to buy because they cost more to make. They were built not to save money, but lives. Ask your Goodyear dealer to show you an actual model of this new contribution to safer motor-ing. It is literally a "LifeGuard."

WILL I LURCH OVER THIS DITCH? NO!

WILL I SMASH INTO THAT ROCK? NO!

WILL I SPIN OVER THIS CLIFF? NO!

BANG

DEPUTY SHERIFF DRIVING 70—TIRE BLOWS! "The tire was in ribbons and I'm sure that the only thing that kept me from turning over while driving seventy miles an hour in my De Soto Airflow was a LifeGuard Tube. My work demands frequent high speeds, uninterrupted service. I heartily recommend these tubes to everyone who drives above normal speed." Claude Fay, Deputy Sheriff, Fresno Co., Cal.

It's a reserve tire within a tube. The outside tube can blow... but the inner tire with a reserve cushion of air will support the car... prevent sudden ditch-bound lurches. LifeGuard Tubes make no difference in riding comfort. They ride smooth and cool. See about them today.

THE GREATEST NAME IN RUBBER
GOODYEAR

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LifeGuard Tubes

FOR PASSENGER CARS • TRUCKS • BUSES



A Time for Inventory

ANNIVERSARIES of institutions, as of men, invite forward looks at the future through backward looks at the past. Only yesterday, it seems, the National Chamber was organized and the NATION'S BUSINESS established as its official publication. Yet in the twenty-five years which have passed since those events the world has been shaken to its foundations with wars and revolutions. Maps have been remade and nations have scrapped traditional forms of government for new. In a very real sense it can be said that the last quarter century has brought more violent changes, thornier problems and more intense strains than any like period of history.

From the first, the Chamber and the magazine have tried to see the country's problems whole. Always the aim has been to view the business community's interest in the light of the public interest, to envisage the interdependence of the members of the economic order, to articulate the usefulness of trade and industry in terms of their civilizing influences, to counsel by fact rather than by opinion, to explore emerging issues with the light of good will toward men.

The founders saw need of a unified business spokesmanship. They saw their idea put to an early practical test. The era of Taft was giving place to the "new freedom" of Wilson. Reform was in the air then as now. Business was under fire. In the foundation year of 1912 the Pujo committee began its probing of the "money trust." Supreme Court decisions ordered the "bath tub trust" to dissolve and the Southern Pacific and Union Pacific roads to separate. In one day sixteen bills to outlaw cotton futures contracts were introduced in the Congress. A strike was called in the anthracite region. The farm surplus boggy reared its head in a corn crop of more than three billion bushels, an all time high. War broke out in the Balkans.

In this atmosphere of foreboding and ferment NATION'S BUSINESS tried its frail editorial wings. Its ideal was to anticipate future headlines by

interpreting current issues. A cursory review of early numbers of the magazine shows that it has foreshadowed events now of imminent national concern.

In month after month are to be found discussions of wages and hours, social insurance, the responsibility of business, employee relations, the status of individualism, the advance of authoritarianism. These subjects are headlines today.

Distracted as American business has been with alarms foreign and domestic it has had the heart and the will and the faith to push forward the material well-being of the people. The life of this magazine embraces so many inventions, discoveries and improvements that it is possible to trace through its pages the arrival into homes of moderate income of such luxuries and comforts as only nobility, royalty or the greatest wealth knew a century ago.

Business men, through their zeal to see trade active, have provided that sustained pressure upon a lethargic and indifferent people which has held up and improved standards of living. Once this pressure is removed the condition of the average man will decline, so artificial a thing are standards of life.

Despite war, war's alarms, and insurrections at home, business men face the coming 25 years troubled and uncertain but, as in the past, attacking the day's work to provide "the instant need of things." If progress is in need of re-statement and redirection, there is no lack of resourcefulness to implement its course. The reviving power of business is everywhere evident. Business is no superannuated institution doting on

old, unhappy, far-off things,
And battles long ago.

Business is the very breath of life. It must carry on.

Merce Thorne



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THE NEW MIMEOGRAPH

Are We Playing Leapfrog?

By HERBERT M. BRATTER

THE implications and possibilities of the present price situation as seen by a man who was formerly senior economic analyst in the Treasury Department

SINCE 1935, recovery has been striding forward. The clouds of the depression have been lifting on all sides. Progress has been real and indisputable.

Yet the prospect is far from clear. Industry and labor both face new and difficult conditions. Prices are going up. Costs are mounting. Organized labor, demanding an increasing share of the national income, has been employing a new and controversial method, the sit-down strike. Workers are obtaining higher basic pay, shorter hours with overtime, a steadier annual income. Higher labor costs are already reflected in some wholesale prices. Retail prices are naturally responding, implying a rise in the cost of living. People with fixed incomes are concerned. If prices outrun income, labor's discontent will be intensified. It is beginning to look like a game of leapfrog, with labor costs, material costs and living costs overtaking each other in succession. Will they finally tumble in a heap?

The increase in wholesale commodity prices which began in late 1936 and continued into 1937 was so pronounced as to attract general public attention. Practically every branch of trade was affected. The rise has been punctuated, moreover, by various spectacular developments in industrial relations, notably the activities of John L. Lewis' Committee for Industrial Organization, aiming to organize labor along industrial rather than craft lines so as to take in the mass-production workers.

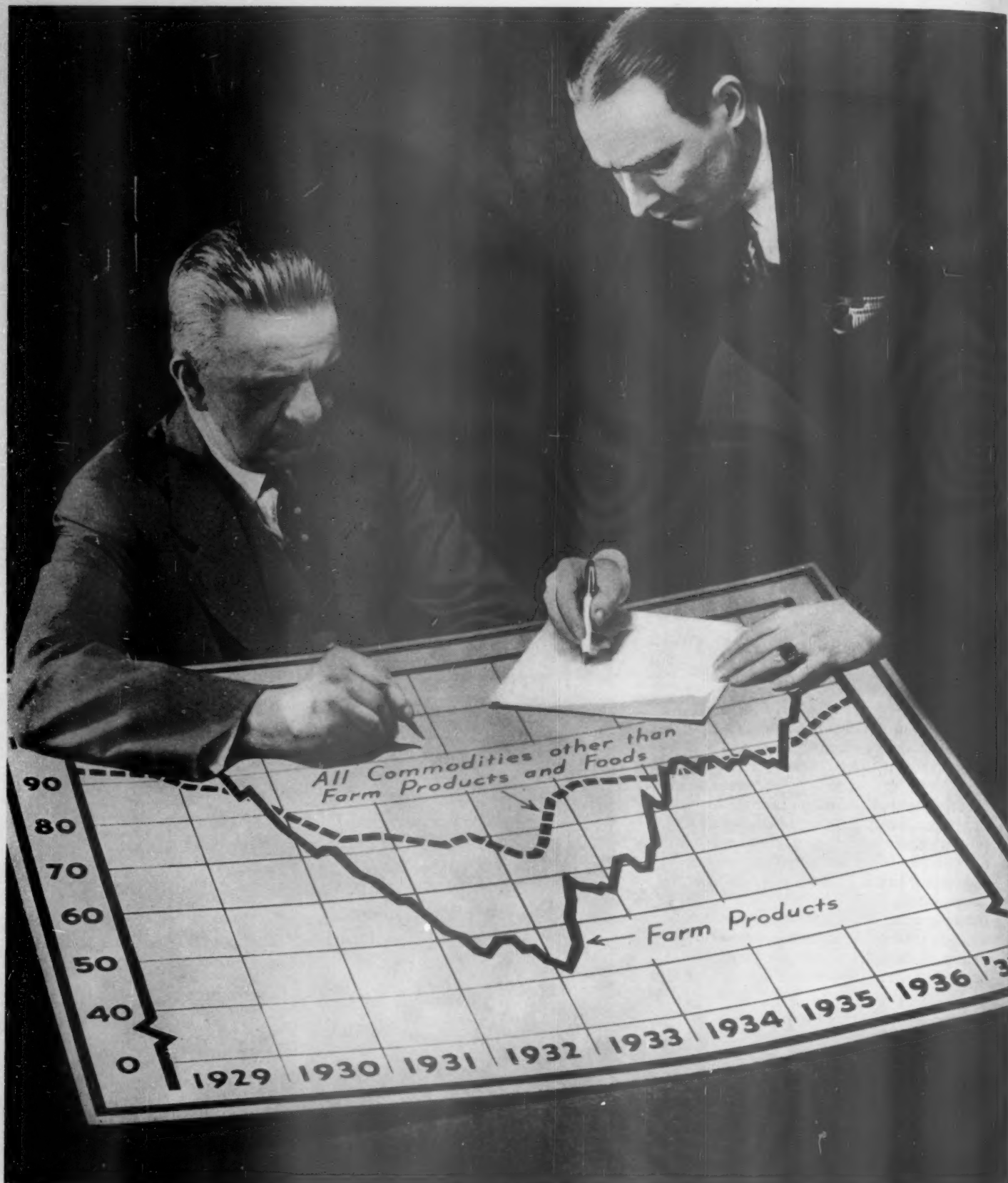


PHOTO CARTOONS BY GEORGE LOHR

In theory the Government borrows and spends now with the intention of paying off its debts when business gets better and revenues increase

To show the proportions of the recent commodity price rise against the background of recent years, a simple chart is presented herewith. The broken line traces the downs and ups of the prices of 784 commodities since 1929, as measured by the Bureau of Labor Statistics. That Bureau has

taken the pains to rate, or "weight," each of the 784 commodities according to its importance in trade. Its general index is the most authoritative one we have. Note in the chart how prices sank from 1929 to 1933, how they showed prompt response to the inflationary fillip of 1933, a response



THE broken line traces commodity prices since 1929. Note how they sank until 1933, then rose, answering an inflationary fillip. This rise was fortified the next year by the

government-sponsored rise in farm-product prices, the course of which is shown here by the solid line. Today real wages are higher than in 1929 because prices are still depressed

fortified in the following year by a government sponsored rise in farm-products prices. The rapid recovery of the latter group from its greatly depressed levels is indicated by the solid line.

During 1935 and most of 1936, commodity prices were relatively stable. In October a rapid series of increases began. In certain groups of items the amount added to prices in the four months after October 31 was three-fourths as large as that added in the entire preceding four years. For example, this was true of house furnishing goods, and of chemicals and drugs. In metals and metal products the four months' rise was 90 per cent as great in dollars and cents as that of the entire preceding four years.

Naturally the rate of price increase was rapid. In the four months, compared with the four years, the rise was $3\frac{1}{2}$ times as rapid for all commodities; for metals and metal products alone, 11 times as rapid. Not since 1933 has such rapid change been witnessed. Is money losing its value? Is this inflation?

What is inflation?

Effects of inflation

EVERYONE nowadays uses the word, few define it. To some it means one thing; to others, something different. There is "Currency inflation," "Credit inflation," "Price inflation," "Stock market inflation." Let us forget technicalities, and try to delimit a layman's conception of the word by identifying different manifestations of inflation. If the prices of the raw materials go up faster than you can figure your costs, and cause you to advance your own prices partly in anticipation of future increased costs, you may call that inflation. If people are worried about their savings and buy things they otherwise wouldn't buy, that is inflation. If the supply of currency and bank deposits increases more rapidly than the supply of goods and services being offered for money, prices will rise. The result is "reflation" or inflation, depending on one's point of view. The difference between reflation and inflation is one of degree.

The causes of inflation differ, but the symptom is the same, an indiscriminate rise in prices and a corresponding dwindling of the purchasing power of the currency. Ever since 1933 this nation has been seeking reflation—a controlled reversal of the experience of 1929-32. We may characterize reflation as "inflation up to a point." In our quest for reflation we have aided, as well as been aided by, the natural recovery of business. In some directions we have already succeeded, in others we are still behind. The advance has been uneven. If,

from this point, it continues on all fronts, we shall be experiencing just "reflation" in certain still retarded lines, and simultaneous "inflation" in others. What we most need is a balanced relationship.

When prices advance rapidly—whether for inflationary reasons or others—business men try to anticipate their future needs by buying ahead. Speculators try to anticipate the business men. An "overbought" position develops. When people realize this, the process stops. Speculators unload. Boom is followed by a collapse, and—until inventories get low—trade stagnates.

Such a chain of events can be induced by a too rapid rise of prices. For example, in March it seemed to some that just such a chain of competitive buying might be developing, to be followed perhaps by a slump. It was not so much that the underlying cyclical recovery movement was

threatened with permanent reversal, for the long-term outlook was still good. But a temporary recession of business appeared not unlikely. Hence official Washington showed concern. First to mention the matter was the President.

A boom in prices

IN his radio address on the Supreme Court, Mr. Roosevelt threw out a few words of caution about the approach of another 1929. Shortly afterward, this view was amplified in a long statement by Chairman Eccles of the Federal Reserve system, while additional expressions of concern about the irregular advances in wages and costs were issued in rapid succession by Assistant Labor Secretary McGrady, Commerce Secretary Roper, and Agriculture Secretary Wallace. These high officials minced no words.

(Continued on page 149)



If currency and credit increase faster than the supply of goods, prices are bound to rise. Labor's discontent will be intensified

Eight Facts Looking for



1 "Business" is merely an exchange of goods, labor and services between two persons



3 But no government agency has ever developed a wealth-producing enterprise



2 Individuals have stimulated these exchanges. The tendency now is for government to do it



4 Of thousands of inventions developed here, 18 have become great industries

IN THE nation today we find "the spirit, sir, is one of mockery" and it might be added, "one of intolerance." Every man and woman has an opinion. There is no interest in facts except to use them to buttress an opinion. Yet, as Owen Young once sagely remarked, "facts are the least developed of our natural resources."

Facts, not opinions, will set us free from the bewilderment and perplexi-

ties which now beset us. Here are eight facts, each self-evident or capable of proof, which provide a satisfying explanation to many of our troublous questions and provide a conclusion for many national problems.

Fact Number One: What is this thing called "business" which on occasion we exalt, and more often berate?

What is the business activity which was lost and we have been praying to recover?

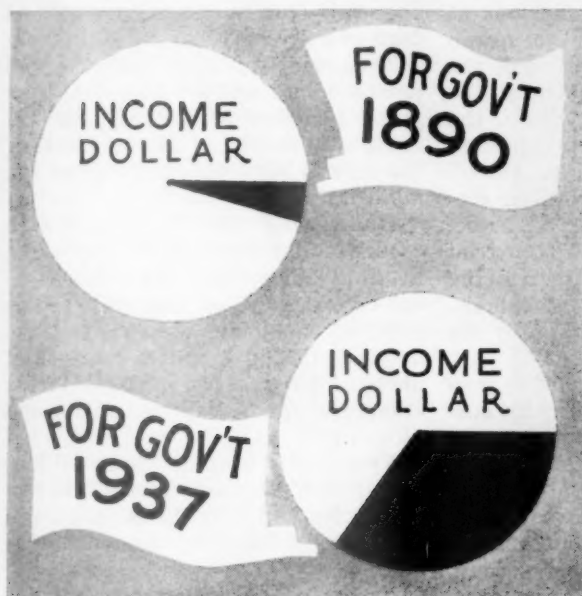
Business is an exchange of goods, labor and services between two individuals. "Trade," it once was called, and "barter." That was before we heard the recent six-syllabled definitions.

It is still John Doe exchanging something he owns for something

an Audience . . .



5 No great enterprise of similar size has been developed abroad during same period



6 In 1890, government here took 5 cents of each income dollar. Today it spends 35 cents



7 This country has the highest standard of living that the world has ever seen



8 Our system encouraged enterprisers and released the wherewithal for their use

Richard Roe owns. We talk of billions in bank clearances, of millions in car-loadings, of pig iron production, or kilowatt-hour consumption, but those figures are only the sum total of 100,000,000 exchanges each normal day in the United States between two persons.

When we read today that U. S. Steel has a one per cent increase in orders it means that a thousand men

yesterday in a thousand Duluths and Yakimas and Annistons decided to use steel in some form; in a new automobile, an addition to the plant, a bridge or ship.

In other words, "business" is not something mysterious nor yet something physical that may be spanked or exhorted. To personify it as a dreadful hippogriff or a good fairy is to outdo Ruskin's pathetic fallacy

which saw the sea as cruel and the south wind as benign.

Fact Number Two: What is it that moves us to trade? What causes John Doe to give up what he has for something Richard Roe has? One thing—no more—the profit motive. It may not be a money profit; it may be a pleasure profit, a cultural profit; it may be a trip to Florida; it may be a

vanity profit; we may buy a new car or an extra car that we don't need simply to make things a little bit easier at home in the domestic circle, but it is a profit nevertheless.

This is a stubborn fact. We may discuss, wishfully, production for use only and not for profit, of everyone working for the joy of working, but the fact still remains that no one will accept the hazards of an exchange without hope of bettering his well-being. And betterment is another word for profit.

Who stimulates us to trade, who points out to John Doe convincingly and persuasively how an exchange will improve his well-being?

John Doe is asked to give up something that he has for something Richard Roe has, and there is always a resistance to such giving up. There has always been such resistance since the beginning of time.

In any good library you will find at least a thousand books on salesmanship. But there is no book on how to resist salesmanship. There would be no market for it because there is no need for it. A man is born with this resistance, with a desire to hang on to what he has, to take no chances.

So, in the course of events, nature has developed a species of men and women with peculiar qualities, who can stimulate us to these exchanges which make up the sum total of business activity. It is a little group as population goes, probably only a million men and women in the United States, if we include the great number of retailers.

We recognize a peculiar ability in other fields. We recognize that Will Rogers was an entertainer, par excellence. We gave him a million dollars a year and, when his salary was reported in the newspapers, we rejoiced and said, in effect, "Good old Will Rogers." We were rather proud that he could earn a million dollars a year.

The Mayo Brothers in Rochester have a peculiar ability in the field of surgery. We recognize a Sargent who can paint a portrait better than anyone else; a Fritz Kreisler who can play the violin.

But we don't recognize the Walter Chrysler who came from a little machine shop in Ellis, Kan., who likewise was given an ability—not to paint, not to play a violin—but an ability to anticipate our wants, our desires; an ability to get around him friends who believe in him and arrange with him for the financing of a new model in the transportation field, for the producing, warehousing, insuring, selling and distributing of that thing only born yesterday in his mind.

The industrial entrepreneurs did

not have to take a chance. They could have played safe, chosen the easy chair, not neglecting family and friends. Chance-taking brings worries and only too often failure. But in America there were more chance-takers than perhaps in all the rest of the world put together. We in America encouraged them in more ways than one as those who read on will see.

(Formerly the pictures of those enterprisers appeared in the success magazines. We held them up to our children as models and we said, "Get out and do something in the world as these men have done." But in recent years we have come to feel that the peculiar ability to stimulate trade is something to be ashamed of.)

There is a tendency today to substitute political agencies for those who in the past have motivated, stimulated and developed trade. This leads us to the disturbing

Fact Number Three: Never, since the world began, has a political agency anywhere created or developed a single wealth-producing enterprise that makes for the continuous employment of men. That sounds like a pretty strong statement, but it is a fact.

Walk down the street and look at the telephone wires, the telegraph poles, the truck delivering coal, the power plant, the street railway, the railroad, the department store, the airplane overhead, the motion picture house, the radio aerial, ships, the oil derrick, the automobile. Not one created by politics. Each one of these, and everything else in the industrial system, has been brought forth by the voluntary cooperation of individuals, stimulated by and spurred on by the enterprisers.

The bank developed from the jeweler's service in safeguarding his customers' cash. The insurance company came about by the pooling of risks by traders themselves. The water works under the city was conceived by individuals who gathered together the money and put the water works there, until municipalities took them over. Even the post office in Great Britain and in America was pioneered by individuals who undertook to collect and distribute the mail.

Fact Number Four; the most important of all: In the past 50 years, out of thousands of inventions which were developed in America, 18 grew into great industries. These 18 today employ between 9,000,000 and 10,000,000 people, a quarter of all engaged in gainful occupations.

Fact Number Five: No great enterprise of similar size has been devel-

oped in any of the other 59 countries of the world in this same period. This is not because this nation has been given a monopoly of ideas.

Some of the 18 came from ideas of other countries, such as radio and rayon and the internal combustion engine—from countries that for some reason or other could not develop them.

Fact Number Six: In 1890, five cents of each income dollar in the United States was taken for all governmental purposes, state, federal and local. Today government agencies spend 35 cents of each earned dollar.

The United States was leagues ahead of other nations in its economy of government, the nearest rival spending four times as much, the great majority of nations spending from 30 to 35 cents, or one-third their income.

The people of the United States had, as a result, 95 cents out of each dollar earned to pay for bread and butter, and shelter.

We had so much left over that we could put our hands in our pockets and say to the enterpriser, "Sure, I will take a chance on that new thing." This nation "could dare to speculate," as former President Hadley of Yale once said, "as no other nation could dare to do."

Thousands of new things, from patent offices and laboratories, were given a chance to live with us, because we stimulated the stimulators, the enterprisers, with both moral and material support.

Today, with only 65 cents of each earned dollar left for chance-taking by individuals, with the "free money" of former years now allocated by political agencies, can we hope to develop, in the next 50 years, say, another 18 great wealth-producing enterprises providing continuous employment?

From 1900 to 1930 three billions yearly of "free money" went into new industries and into the expansion of old; since 1930 only one-tenth that amount.

Perhaps America, which has the reputation of breaking precedents, will be able to do what never has been done before—develop wealth-producing enterprises through political agencies.

Is there any factual evidence why this hope is illusory?

Forty-two years ago a great New York newspaper editorially said that there was a crack-brain named Edison over in West Orange who had a fool idea he could supplant gas for lighting in homes with an electric bulb or something. A few years later the British Parliament, in discussing

(Continued on page 186)

What Shall I Buy on Time?

By E. M. FINBURY and GERTRUDE LEVY

INDICATIONS are that the time payment plan is on the increase in this country. This increase has caused business leaders much concern, since the outstanding instalment debt might be a serious problem if there should be another economic slump. LeBaron R. Foster, of the Pollak Foundation for Economic Research, says (*N.R.D.G.A. Bulletin*, December, 1936):

With down payments smaller, and credit terms longer, the same dollar volume of instalment sales now means more dollars of receivables, outstanding for a longer time. . . . The larger the portion of the consumer's income that is pledged to payments on past purchases, the smaller is the portion available for current purchases. . . . In allowing consumers to pile up a larger mass of debts, merchants are setting the stage for a more violent drop in retail sales.

Large finance companies claim with much justice that they contribute millions annually to business, through the banks, manufacturers, workmen, dealers, salesmen and mechanics whom their enterprise affects. In periods of tight money, their funds have been available to industry. It is as valid to challenge the department store charge account system, which must inevitably include bookkeeping, credit losses and repossessions in its general price mark-up, as to challenge the instalment plan's machinery of mark-up.

Yet instalment buying becomes increasingly perilous, nationally viewed, because it is blind buying—it hands the public an exaggerated spending power with no direction as to its use. The path of least resistance is wide open. Many people have neither the discipline nor the desire to save, create a fund, and buy for cash. Instead, they argue, "My money goes anyway. If I pay so much a month for a car or a refrigerator eventually I'll own it, even at a higher price!"

Some people can buy in no other way.

Such decisions are personal matters, but the economics are cold, impersonal facts. There has been a glaring lack of public information in the time payment business. How is the purchaser to know just where to find the dividing line of economic balance which separates the sensible from the foolish, thriftless purchase?

A GLANCE backstage at the headquarters of a finance company which should be helpful both to those who sell on credit and those who ask it, since it should contribute to a better understanding of the machinery which is necessary to reduce not only the risks, but the costs of time purchases



PHOTOS FOR NATION'S BUSINESS BY LOHR. COURTESY COMMERCIAL CREDIT CO., BALTIMORE

A finance company may have 200 branch offices such as this where customers make payments. It costs as much to handle small payments as large

Why is he not shown the answers to the question:

"What shall I buy on time?"

There are two methods of making a time payment purchase:

1. Through a dealer who sells all consumer accounts, known as instalment paper, to one of the large finance companies. These companies, the most conservative and yet the strongest factor in time payment selling, are especially vigilant where mechanical equipment is concerned. They check the product, the dealer and the manufacturer. The dealer must sell good equipment, and maintain efficient installation and service, or he could not continue to do business with them. The manufacturer must be strong and financially responsible, ready to stand behind his product, and to supply

replacement parts. While not a complete guarantee of satisfaction, the consumer who buys through a finance company is assured that some capable minds have judged that he is buying a meritorious article from a reliable source.

2. The customer may buy from a dealer who handles the entire transaction without the aid of a finance company. Here he must rely upon his own investigation of the product and of the dealer.

Until recently the Federal Housing Act offered a third type of plan under which the consumer might buy certain specified articles by borrowing money from an approved bank or other financial institution and paying the dealer cash. Actually this is a loan, and not an instalment purchase, but



Handling thousands of small accounts necessitates much letter writing and a large staff in the headquarters to take care of it



Since the company also rediscounts receivables of other companies and engages in factoring, a force of auditors is kept busy



In the home office are batteries of addressing machines where name plates are made for mailing notices and letters

it encroached upon the time payment business. Under this plan, up to January 1, 1937, the Government had insured 1,326,102 modernization and repair notes, totalling \$500,220,642, and defaults for the entire country had been slightly more than one per cent.

The overhead items

LET'S examine a typical instalment purchase. Consider the purchase of an oil burner through a dealer who discounts his "paper" with a finance company. When the customer walks into the store and selects the equipment, he has already paid for certain routine costs which are part of every instalment transaction—the cost to the finance company of setting up the dealer's account, checking his service and credit standing, with the usual provision that the dealer must repurchase any customer credit that goes bad. Added to this overhead is the research cost on the large percentage who do not qualify.

The rate further includes the credit checking of the customer, which necessitates the contacting of references and, at various times, requires retail credit reports or property checks. Many rejections of consumer accounts swell this overhead.

He has also paid for the costly process of setting up customer accounts, involving the tabulation of cards in the branch office, with duplicates for the main office, notifications to the customer that his account is established, mailing of booklets, and so on.

Collection costs are a further item, with notifications, past-due notices, phone calls, telegrams, adjusters' calls, legal actions to absorb in the carrying charge. Also, costs of repossessions and losses, if the account goes bad!

All of this routine is as expensive to the finance company on a \$5 monthly account as on one paying \$100 monthly. Consequently the company fixes a minimum carrying charge which applies to every transaction, no matter how small. This minimum rate rule is important. If the customer understood its operation, he would hesitate long before buying a low-priced article on time. But more about that later. At present we are interested in the oil burner.

Oil burners are the best type of instalment risk and, therefore, carry the lowest finance rate of any commodity. The life expectancy of a good burner is at least ten years. It is purchased by home owners almost exclusively. A property check is available as well as personal credit references.

The deal generally is as good as the

installation. The man who buys an oil burner needs one. It costs him less, the company figures, to keep up his payments than to change his equipment back to coal. Oil burners are not easily detached from the premises by the purchaser in default. A fairly large down payment is involved. Human and financial factors combine to establish the lowest available rate.

Through long experience, the company has evolved such yardsticks as this to measure the worth of every instalment transaction. The rate is the barometer of the deal. The factors which make any transaction inadvisable for the finance company are reflected in the rate, and are, therefore, equally inadvisable for the customer. Where the risk or the expense is high, the rate is high, and *vice versa*.

One factor affecting the rate is the price of the article; generally speaking, the higher the price, other risks being equal, the smaller the percentage charge needed to make a profit. Others are the length of the contract—the shorter the period of risk, the lower the charge; life expectancy of the article; rapidity of depreciation; ease of identification, such as the presence of serial numbers, should it be necessary for the company to take repossession; the intrinsic value of the article and the type of purchaser who constitutes its logical market; and, vitally important, the intangible factor known as human nature!

Rates show risks and costs

THE finance rate, separately determined for every commodity, strikes a neat balance representing human desire and human fickleness, boiled down into terms of dollars and cents. The customer should make it his business to understand how the rates are established on various products. Why, for example, is the percentage rate higher on a radio than on a refrigerator? Why, when credit as a purchaser is once established, is the customer still considered a fluctuating risk when buying articles on time?

Electric refrigeration will answer some of these questions. It is the second best type of instalment risk, although the finance charge is not so low as an oil burner because the balance involved is smaller and because the refrigerator is more mobile.

However, this risk is figured at a fairly low rate. Logically so, as in every phase of instalment calculation. Electric refrigerators, like oil burners, are usually purchased by financially responsible persons. A good refrigerator has a life of from five to ten years. The necessity for the refrigerator is a further discount of risk, because its loss would require

(Continued on page 184)



A nation-wide card index system at headquarters includes millions of names, keyed to show credit rating, kept constantly up to date



Since articles on which loans are made must be insured to protect company, dealer and customer, an insurance department is needed



A small section of the files maintained by the brokerage division. Other filing systems hold records used by other departments

Climbing to Success

By JOHN ANGUS HAIG

IN 1926, in Japan as a newspaper correspondent, I sat in a Tokyo restaurant unscrambling Japanese characters to see what I'd have to eat. Finally I broke down a hieroglyphic into the word "yoo." It meant "bullfrog."

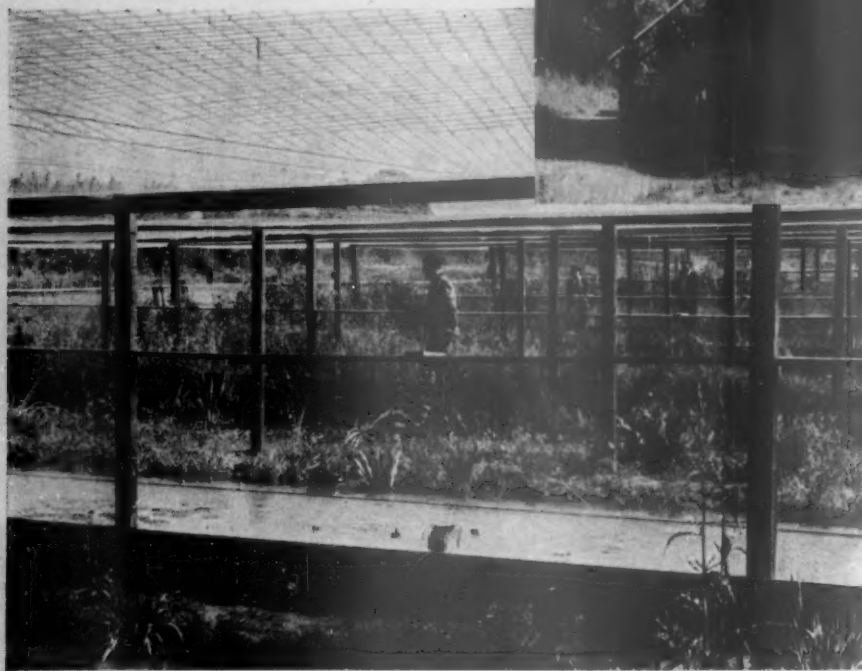
When I asked the waiter about it, he replied:

"Yes, Si', catch'em plenty bullfrog. Japanese pee-pul he bling bullfrog thrum 'nited State long tam ago. Now he lairse'em jul-luk chicken!"

The price of a frog dinner was 4 yen, roughly \$2 in American money. I ordered one and the waiter soon brought me a platter with two fine big frogs on it, fried to a rich golden brown. In Japan you get the



The house that Haig built. Upstairs, living quarters; below, garage, tool shop and storage



Since frogs are cannibals, 12 pens are necessary to segregate different sizes. Fences must be tight enough to keep out snakes, weasels, skunks. Overhead netting bars carnivorous birds

whole frog—not just the legs. The Japanese are not so wasteful as to throw away an animal which carries approximately one-third of the edible meat on the back and forelegs.

For some reason, the bullfrogs interested me. I visited frog farms and looked up some history.

The first American bullfrogs (*Rana catesbiana*) were imported from Louisiana in 1897. With their characteristic patience and thoroughness the Japanese went to work to determine the creature's habits and to develop

a system of propagation and culture adapted to domestic production.

The first few years brought only failure. But by 1910, one experimental frog farm near Tokyo reported success. Some 2,000 frogs had been raised from eggs to marketable maturity. By 1920, the Japanese ranaculturalists had the bullfrog so far domesticated as to wean him off his habit of accepting only living food and had put him on a diet of dead larvae of silkworms, artificially animated—a waste product of the silk industries. By 1926, \$500,000 worth of domestically-produced "yoo" reached the markets of Tokyo and other large Japanese cities.

In 1935, Japan produced more than \$2,000,000 worth of frogs, and these Japanese frogs, developed from the original American parent stock, were beginning to appear in the markets of Paris, as well as in our own Pacific Coast states where the domestic supply of frogs has never been more than a fraction of the demand.

It became obvious to me that, if the Japanese had accomplished the domestic production of bullfrogs, Americans should be able to do the same thing. Somewhere in the back of my head the idea was hatching that, if anyone in America could produce frogs as we produce other

on Frog Legs

INTRODUCTION to a perverse sort of agriculture which cultivates swamps, capitalizes plant insects, has no surplus to plow under. You may not agree with Mr. Haig's predictions nor envy his position but you must admire a man who, finding himself in the Slough of Despond, turned the place into a frog farm



Haig in the plane used to find his swamp



A Haig bullfrog photographed actual size. The size of the circular ear membrane just back of the eye identifies it as a female. If a man's mouth were as big, in comparison, as a frog's he could swallow a six months' old baby. If his conscience were as callous, he would. This frog weighs about three pounds, is 22 inches long, over all

ALL PHOTOS JOHN ANGUS HAIG



Another Haig crop, ginger. Customers, druggists, housewives, chop suey restaurants. Price to producer, \$175 a ton. Demand, much greater than domestic supply



The starchy roots of the DeChine taro find a ready market among the Oriental population. They bring \$150 a ton, cash. Haig has three acres in this crop

domestic livestock, he'd do so at the risk of becoming a millionaire. I had an idea I might be the fellow to do it. But the time was not yet.

My study of frog culture in Japan was rudely interrupted by a group of Malay Communists who started a revolution in the Dutch East Indies and later by pirates operating in the China Sea and up and down the Canton River between Hong Kong and Canton. I went to China to get the story and, incidentally, more knowledge about bullfrogs which the Chinese were raising by the tens of thousands. I found them "riding herd" on the frogs between rows of water chestnuts, in fields of water lotus and even in the ginger and taro patches. Nothing is wasted in China and in this land of teeming population and limited resources, thrifty old John Chinaman has learned

how to farm swamps, lakes and river bottoms, semi-arid areas and lands of rock and poor soil which no American farmer would even consider.

Newspaper work kept frog culture only a dream so far as I was concerned until 1929, when the stock market crash caught me at the completion of a time contract and it seemed like a waste of time to look



Mrs. Haig with an experimental machine. The light lures night-flying insects. A fan blows them down the pipe. The frogs do the rest!

for a job while panic was sweeping the country.

The idea of establishing an aquicultural farm somewhere in Southern California was still in my head and I spent most of the winter of 1930 and 1931 hunting a suitable location. I was looking for swamp land, something that is very scarce in this land of seasonal rainfall and semi-aridity. Eventually I practically abandoned the project, but by 1933 two bank failures, collapse of a building and loan firm and a few similar financial catastrophes wiped out the savings

on which I had depended for a comfortable old age. The frog farm changed from an interesting hobby to a means of livelihood.

I resumed my search for a swamp more seriously and by a different method. I rented an airplane and struck out. After 50 hours' flying I found just the spot I was looking for. It was a tract of 12 acres. Six acres of it could be rated as arable land by removing enough brush and trees. The rest was inundated—lake, marsh, ponds, flowing streams or jungle.

This property was owned by a local bank. The bankers nearly fell on my neck when they learned I wanted to buy or lease it. I got the land on terms that seemed like grand theft.

Having acquired the property, Mrs. Haig and I moved

in with a camping outfit. Fortunately, we had a mosquito-proof tent. At night the place swarmed and sang us to sleep. In about a week I'd moved enough trees and grubbed out enough brush to get a place to put a house. In another 60 days we had a house and I know it is a good house because I built it myself.

Changing a swamp into a farm

AFTER that there was a well to be driven, poultry houses to be built, a pig pen to be set up, garden to be made, land to be cleared to get a place to plant taro, ginger and other marketable crops. Next came the seemingly interminable task of snatching an aquicultural farm out of that six acres of lake, marsh and jungle.

That took work and money. I had plenty of the former and never quite enough of the latter. Nevertheless, out of it all has come about an 80 per cent realization of an idea hatched in Japan in 1926.

We went a shade into black figures in 1934, well into the black figures in 1935, and showed a substantial return on the investment of labor and capital in 1936. Some promising profits are definitely in sight for 1937 and many years to come.

While I never doubted that domestic production of bullfrogs could be profitable, there are many phases of ranaculture that I still regard as experimental. The system I have developed is essentially an adaptation of the Japanese and Chinese methods with certain modifications to local conditions. A female bullfrog lays from 10,000 to 30,000 eggs at a spawning. The male fertilizes the eggs externally.

Thus, the system begins with a series of pools fenced against the escape of frogs and the entrance of their numerous natural enemies. There are tadpole pools into which females with the necessary males are introduced during the spring spawning season and removed as soon as spawning is completed. The eggs look like black tapioca spread over the

water in a square yard sheet of jelly-like slime which attaches to sticks, water plants or shoreline. The eggs hatch in about 72 hours to leave the pool swarming with tiny black tadpoles.

In the climate of Southern California, frogs mature to adult life in approximately 18 months from the egg, from four to six months of this period being consumed in the growth and transformation of the tadpole and approximately one year for the growth of the frog from a baby to a 20 to 22 inch bullfrog with a marketable weight of two and a half to three pounds.

Beyond the tadpole stage the problem is primarily one of adequate feeding, keeping frogs of a given size in pools where they are protected against natural enemies and

(Continued on page 178)



A baby frog cafeteria. The box, which has an open end under water, is baited with stale meat. It draws flies. Then the top of the box is closed. The flies multiply. Frogs, entering from underwater, find a tempting banquet



Sowbugs are cheap and plentiful frog diet. Damp newspapers, tacked to boards, are left on the ground overnight. Sowbugs collect to eat the cellulose in the paper, are dumped into the ponds by dunking the boards.



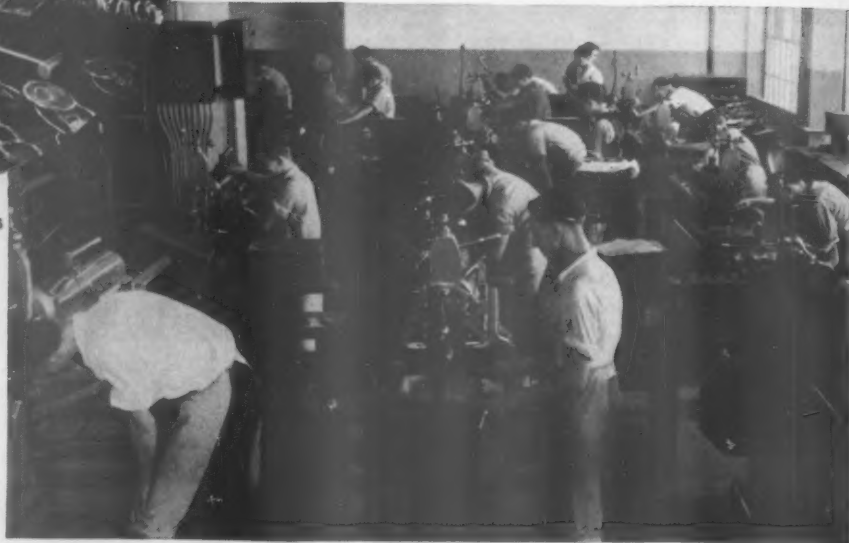
A Model Trade School



Younger boys repair safety goggles



Instructors are Ford trained employees



Trade School boys receive 34 weeks of shop work

A SHORTAGE of skilled labor, particularly in the metal trades, was recently reported by the Federal Reserve Board.

Chances are, however, that the Ford Motor Company will never be troubled by such shortages. The company took precautions against eventualities as far back as 1915 when the Ford Apprentice School was established. Since that time a Trade School and a Training School have been added with a normal attendance of 4,400 students.

Boys from 12 to 20 years old are enrolled in the various schools and are paid from 15 to 90 cents an hour. Courses run from three months to four years. All work done in the shops is productive. All of the precision tools of Ford Motor Company are repaired in the schools and the older boys manufacture such instruments as cutters, reamers, and drills which are sold to the company. Last year the sales totalled \$1,700,000.

Needy boys are given preference as vacancies occur. Five per cent of the boys in the Trade School are orphans, and 40 per cent have no father able to support the family.

The academic work of the Trade School has the approval of the state board of education and the educational boards of Metropolitan Detroit.

In 1935 the Training School was opened to a limited number of high school graduates unable to find employment. Students are selected from lists provided by local boards of education; are paid \$22 a week for three months and then offered work with the Ford Motor Company.



Class work deals with mathematical shop problems



This is a plan for a complete
and autocratic bureaucracy

Uncle Sam, M.D.

By PAUL A. WILLIAMS

COMPULSORY health insurance has been dressed alluringly but there is another side which those who are sick, or may become sick, will do well to study

A PLAN to regiment the practice of medicine in the United States through a system of health insurance is developing in Washington. It would replace the highest type of medical facilities in the world with government supervised facilities to be paid for out of a fund created by compulsory contributions by worker, employer and state. It would require wage earners to pay insurance premiums for medical services whether they used them or not.

Those most interested in the plan would like to submit their bill at the current session of Congress. The proposal is of momentous interest to every American who needs medical care or may ever need it. It would de-

stroy the present sympathetic relationship between patient and physician, lower the superior standard of medical practice in the United States, and retard its progress.

Furthermore, it would work economic havoc because it is reliably estimated that adequate medical care with the Government in charge would cost ten per cent of the national pay roll. Piled on top of the ultimate cost of the present Social Security Act, this would mean another sharp increase in the cost of living, possibly beyond the individual's capacity to save.

Compulsory health insurance was not overlooked by the President's Committee on Economic Security up-

on whose research was based the Social Security Act. The committee said:

In the United States we have had a long experience with sickness insurance, both on non-profit and commercial bases. Both forms have been inadequate in respect to the protection they provide, and the latter—commercial—has in addition been too expensive for people of small means. Voluntary insurance holds no promise of being much more effective in the near future than in the past.

The committee reported out no health insurance plan. It said more time was required for study. There is every reason to believe that study is about finished and that compulsory health insurance is to be recommended. Its sponsors are grinding out propaganda to influence public opinion in its favor.

Articles and books on compulsory health insurance have been appearing in unprecedented numbers. Nearly all of them suggest it is a good thing. The medical fraternity and the public are yet to be consulted.

American doctors shudder at the

possibility that any scheme, or combination of schemes, of compulsory health insurance now in force in Europe shall be imposed upon Americans. They know that, in countries having compulsory health insurance, infant mortality is higher, preventive diseases more prevalent, life expectancy shorter; that the loss to worker and industry from illness is greater, the advancement of medical science slower, and the practice of medicine a hopeless drudgery, unfair to both patient and physician.

If there is to be a change here, it must bring improvement with justice for everyone. It must, above all, bene-

fit the patient, not the politician. This is the firm belief of the doctors and they are preparing to fight for it. Organized medicine, represented by the American Medical Association, has already taken the field.

How will it work?

WITH opposing forces lining up for battle, let us look into compulsory health insurance. What is it? How does it work? Who wants it? Who pays for it? Who needs it? For the answers to these questions we must turn to Europe, for that is where they have it.

Those who have stood hot and hungry in a crowded restaurant waiting for a table; those who have swamped the office of an employer who has advertised a job; those who have inched along in line to the entrance of a theater showing a feature film; all have some idea of the situation they will face when, having dutifully paid their premiums under compulsory health insurance, they call at the office of a contract doctor.

Doctors, although not many of the successful ones, will contract to treat from 1,000 to 2,500 patients each. Experience will teach patients to appear early at the doctor's office to get a good place up front. The reception room will be stuffy with the presence of assorted patients in various conditions of health, and some of them may have to stand in the hall. The doctor will be there

early, too, so that he will have more time for profitable private practice.

His harassed assistant unlocks the bulging files containing copies of the official records of cases, and copies of those voluminous reports every contract doctor is required to make to autocratic bureaus. She then takes a deep breath and opens the door connecting with the reception room. The doctor glances hastily at the line of expectant faces for a sign of critical illness. Finding none, he beckons the fortunate person nearest the door.

He may ask in two or three at a time. Progress through his medical mill will be just as rapid as he can make it, because he knows more will come later, or that a private patient who will pay him a regular fee and receive immediate attention, may appear any time.

If the case is not "within the competence of a general practitioner," (England) the patient will be sent to a doctor qualified to give proper treatment and advice. The patient will go where he now goes in the first place, and will pay for this special treatment just as he pays for it now.

Appeal to prove sickness

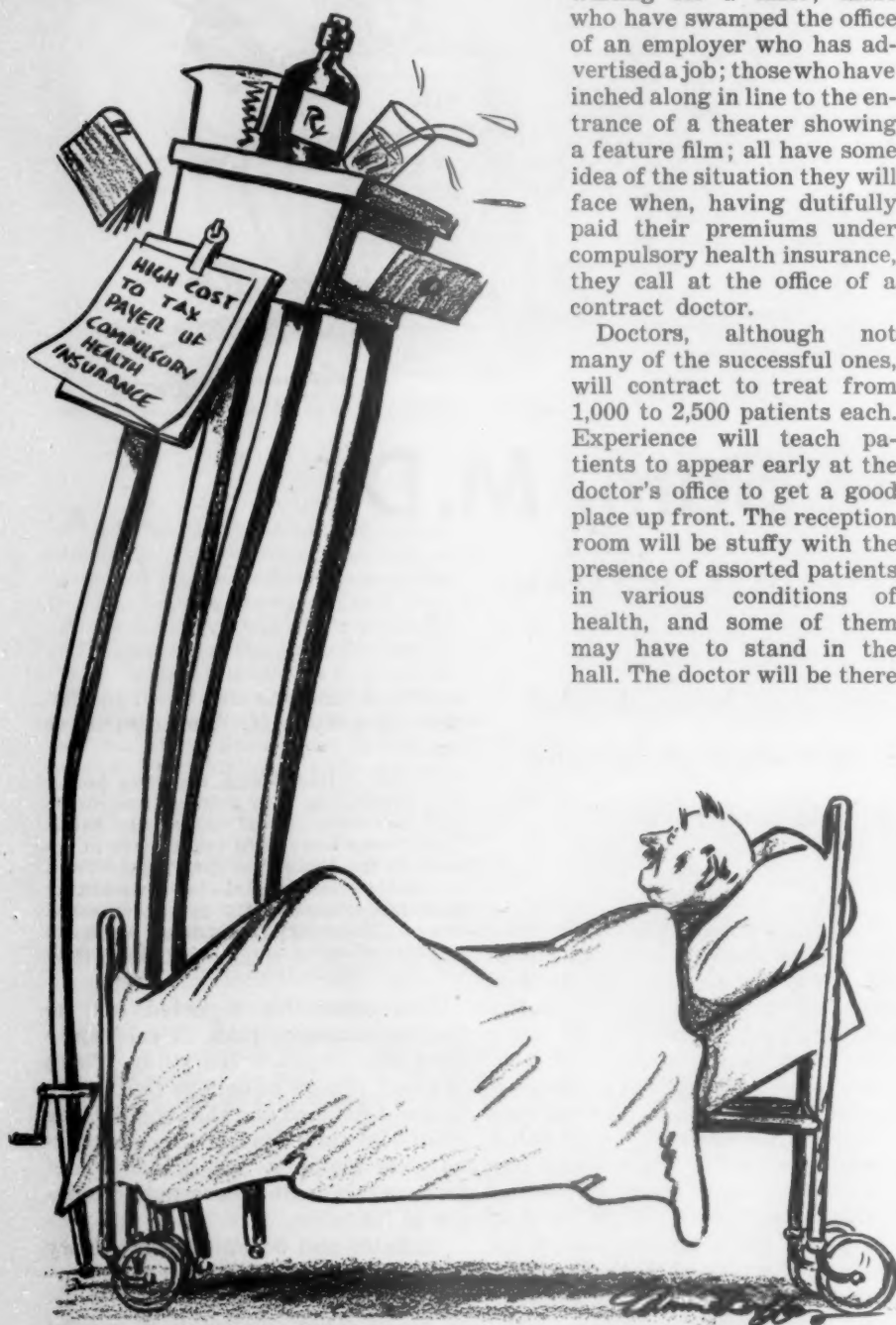
SOME may be told that nothing is the matter with them and ordered back to work. They have the right of appeal. If they can bring some influence to bear, they may, on a second examination by another doctor, be marked sick and thereby become eligible for cash benefits, a part of the insurance scheme. Others will be certified as unfit for work and will also receive small weekly payments.

Some will receive prescriptions that can be filled at contract drug stores. The cost of these averaged 16 cents (England) in 1934. The well-to-do continue to see doctors engaged exclusively in private practice. Dependents of insured persons (England) continue to pay for medical attention. Those so poor they cannot pay anything will receive free medical care just as they receive it now.

Compulsory health insurance has been dressed alluringly, but, to the American doctor who has studied it, it is a sordid, slipshod, dangerous and inhumane tinkering with health.

Proposed legislation forcing American doctors into the wholesale practice of medicine is certain to pattern after compulsory health insurance laws in Europe with, of course, some original angles. Let us, therefore, examine briefly what they have across the Atlantic. Bismarck introduced the system in Germany in 1883 as a sop to socialism. It encouraged rather than retarded socialism. The scheme in Great Britain became effective in

(Continued on page 188)



It is estimated that adequate medical care with the Government in charge would cost ten per cent of the national pay roll

Business Highlights and Sidelights . . .

More Jobs Than Men

A SCARCITY of highly skilled craftsmen exists in the metal-working industries and is becoming increasingly apparent. Reports from other industries, including textiles, paper, printing, and lumber, indicate that in some sections there is a definite scarcity of some types of labor, but that labor shortage has not yet become as serious a problem as in the metal-working industries.

The most important contributing cause of a scarcity of skilled labor in the face of widespread unemployment was the suspension, during the depression, of most company training programs. On the estimate that 5 per cent of the skilled labor of the country withdraws from service each year because of death or age, practically 25 per cent of the skilled labor reserve was permanently lost in the depression years, while very few replacements were being trained.

In addition, many skilled workers, either voluntarily or as a result of loss of jobs during the depression, abandoned their trades and got other work. Many other skilled workers were promoted from the ranks of production workers, and world economic conditions, combined with immigration restrictions, shut off the former inflow of skilled artisans from Europe. Of serious social significance was the loss of skill by formerly competent craftsmen through prolonged inactivity and association with various "made work" relief projects that destroyed efficiency and work discipline acquired in industrial employment.

These conclusions appear in a report by the National Conference Board, which sees distinct encouragement in the fact that industry is currently taking steps on a wider scale than heretofore to train men for the needs of the future, though the effects of this increase in training programs will not be immediately visible.

Tax Bill In Fractions

INSTALLMENT payment of taxes, lifesaver to many a city treasury during the past few years, may turn out to be a lasting and useful memento of the depression, according to Carl H. Chatters, executive director of the Municipal Finance Officers' Association. Behind the idea is the belief that the average citizen will more likely bear his taxes and grin if the bill comes oftener, and in smaller amounts, than if it comes in a lump, once a year. The chore of accounting for bit-by-bit taxes under the instalment plan, in the larger cities

especially, is most easily done with machines.

Instalment payment of taxes goes back more than 30 years. Augusta, Ga., Scranton, Pa., and Richmond, Va., are long-experienced in the practice. With few exceptions, however, tax "instalments" have been instituted in the lean years since 1929. The plans have ranged from a semi-annual and quarterly basis to monthly collections, though the latter are infrequent, being too costly to the municipality. Quarterly payments are recommended by finance authorities, with the first one scheduled as near as possible to the beginning of the fiscal year. More than 40 states have statutes providing for the "painless plans" of tax collection, many of which are optional to cities. It is conservatively estimated that about one-third of the municipalities in states with such laws have established fixed plans for instalment payments.

Cities that permit taxpayers to pay

their annual bills in 10 to 12 instalments are Boston, Pittsburgh, Tampa, Fla., Somerville, Mass.; Charlotte, N. C.; Kalamazoo, Mich., and Stockton, Calif. Among the cities that have recently adopted the more common quarterly plan are Norfolk and Petersburg, Va., Rochester, N. Y., and a number of New Jersey cities, including Passaic, New Brunswick, Elizabeth and Perth Amboy.

Taking Toll Of Busses

STREET cars still outnumber busses—34,000 against 19,000—in 982 cities in the United States. Recent figures indicate that the bus is gaining steadily, becoming at the same time a problem for municipal regulation and a considerable source of revenue. Within the last year, all-bus cities in communities of more than 10,000 population have increased from 393 to 434. Cities served by street cars have decreased from 74 to 62.

A sampling survey taken by the American Municipal Association shows that 27 cities have received within a year \$414,124 in licensing fees from private bus corporations. Of 2101 busses, 171 were of the trolley type, 1930 were operated by gasoline motor.

Twelve of the 34 cities assess a flat annual fee per bus. Fees range from \$25 in St. Louis and Salt Lake City to \$200 in Rochester, N. Y. Five other



"We Won't Take Your Money"

GOVERNMENT officials were startled when these four representatives from East Lampeter Township, Pa., appeared before them and attempted to get the Government to take back the \$56,200 grant it made to their school board for a new consolidated school house.

The men are from an Amish and Mennonite settlement in East Lampeter and, according to their spokesman, Jonathan Zook, second from left, borrowing money and accepting gifts are against their traditions. Said Zook:

"Our township is probably the only political subdivision in the United States which has no public debt, whose residents owe no bills, and who want nothing from the Government."

cities levy graduated fees on a per bus, per passenger or per seat basis. Duluth, for example, derives \$1.50 per passenger annually from the bus companies. Fifteen of the cities surveyed take a per cent of the gross annual receipts from the bus corporations, three of them in addition to the license fee. Amounts vary from 19/100 of 1 per cent in Minneapolis, to 5 per cent in Norfolk and Trenton. Denver requires an over-all payment of \$15,000; Greensboro, N. C., asks \$2,500 and Raleigh, \$2,000.

In a few cases cities derive revenue also from interurban bus line franchises. Buffalo gets over \$20,000 a year from this source. Rochester, which levies an annual fee of \$25 on each interurban bus, derives revenue amounting to \$2,350 a year, and Syracuse, with a \$75 fee, gets \$3,075.

Soft Coal Pay Share Tops All

APPROXIMATELY 95 per cent of the total income derived by individuals from the bituminous coal mining industry is paid out in wages and salaries. In comparison, wages and salaries account for about 80 per cent of the total income in manufacturing, 75 per cent of the total in all other types of mining except bituminous coal and 66 per cent of the

total in all industries combined. Total income derived from the soft coal mining industry in 1935 amounted to \$392 million. Of this amount, \$336 million or 85.7 per cent was accounted for by wages, and \$35 million, or 9.0 per cent was represented by salaries. Relative volume of salaries to wages in bituminous coal mining is less than in any industry for which a segregation of salaries and wages is available.

Preliminary figures on employment and payrolls for 1936 indicate a moderate rise over 1935 in the number of wage earners employed in the soft coal industry, and a much more substantial gain in wages. Between 1935 and 1936, the number of wage earners increased by 11,000, or 3 per cent, as compared with an increase in wages of \$72 million, or 21 per cent. The average wage in 1936 was approximately \$1,125, as compared with an average of \$951 in 1935.

Dividends in 1929 amounted to \$27 million, or 4 per cent of the total income of the industry. By 1933 dividends had declined to \$4 million. Payments increased to \$6 million in 1934, but dropped back to \$5 million in 1935 because increased costs somewhat offset the advance in coal prices. In the latter year dividends accounted for only 1.4 per cent of the total income from the soft coal industry.

These conclusions appear in a report, "Income from Bituminous Coal Mining," made public by the National Industrial Conference Board.

Spreading the Gospels

IN the 120 years of its existence the American Bible Society has issued 268,588,000 Bibles, testaments and portions in the United States and 40 other countries. Of this total accumulated issue of 268,588,000 volumes, approximately 20,000,000 whole Bibles were distributed in the United States—an average of 166,600 a year.

Selling the Bible, according to Francis Carr Stifter of the American Bible Society, is a missionary activity rather than a promotional effort with its primary interest in getting names on the dotted line. The Society's Scriptures are sold at cost and often below. Thousands of them are given away to sufferers from disasters such as floods, fires and earthquakes. Profit is secondary. Such figures as are available reveal that although year in year out the Bible is the "best seller" and is bought by Americans to the hundreds of thousands of copies, there are still hundreds of thousands of persons whom it has not reached.

Conference on Housing Problems



Facing the camera, left to right, A. P. Greensfelder, St. Louis; E. C. Kemper, Washington; E. J. Harding, Washington

THESE conferees represent some of the various home building and financing groups recently called to Washington, D. C. by the United States Chamber of Commerce to consider housing legislation now pending in Congress.

Those interested in housing problems feel a need for centering public attention upon the indispensability of local initiative and action. Whatever form of federal assistance is projected, it should enlist community cooperation as regards planning, zoning, demolition and the prevention of renting of insanitary dwellings.

These representatives hope that as a result of public discussion of the Wagner housing bill, the federal Government's permanent activities in this field will be based on policies that will avoid competition with private builders and place primary responsibility for improvement of housing standards upon the localities involved.



W. R. McCornack, Cleveland; J. H. Wilson, Middletown, Ohio; V. G. Iden, New York; Morton Bodfish, Chicago; F. M. Feiker, Washington; C. C. James, Washington

THESE TREMENDOUS YEARS

Flashes from the
History of a Quarter Century
of Business Achievement



SCHUTZ

THERE is no influence in any community more potent and powerful for the accomplishment of good than that of the business and professional men unselfishly banded together for the purpose of promoting the general welfare of the entire citizenship.

JAMES BRYCE, author
of "American Commonwealth"



"A Catching of Breath . . ."

A MAN PAUSES TO MEDITATE. To remember where he started—to determine what goals he has won—to consider what others he hopes to win.

The purpose of these pages, appearing on the twenty-fifth birthday of the Chamber of Commerce of the United States of America, is to turn our minds backward to 25 years that have been great with business performance. Business men, of course, know better than to look back in any lightly boastful mood; rather, they review the past in a spirit of chastened preparation for the future.

Many a business tool in these years has been forged. Swiftly has business surged ahead—so swiftly, perhaps, that it has, at times, stumbled. To keep progress on the march—an orderly march—the need of taking common counsel has become more pressing. To meet this need the Chamber of Commerce of the United States was organized.

No previous period in history compares with the quarter-century just past. But—the next 25 years hold the promise of progress swifter still. A greater America is emerging. Finer and more beautiful. Business, both in its many separate units and in its organizations, will have a proud part in the making of this greater America, because it is through business that the products and services which can yield a more abundant way of life are made available to more and more people.

This backward look, then, is . . . a catching of breath for the swift race ahead.

HARPER SIBLEY, President,
Chamber of Commerce of the United States of America



PHOTOS © HARRIS & EWING

SPECIALIZED investigations and learning may evolve theories. Those theories no doubt provide proper foundation for new measures. But in the last analysis every theory must stand the test of actual use. With respect to that test the disinterested advice of those who are to live by the proposed measures is of first importance. You gentlemen are most concerned to have rules of action formulated

and adopted that are calculated to insure fair dealing on the one hand, and to allow of and promote legitimate expansion and development upon the other. To that end you and the Government cooperate. This you cannot accomplish so long as you are disorganized The Government cannot favor separate interests; but it should promote commerce and industry as a whole.

PRESIDENT WILLIAM HOWARD TAFT,
at the National Commercial Conference, April 22, 1912, when the Chamber of
Commerce of the United States of America was formed

These Tremendous Years

1912 • 1937

By NEIL M. CLARK

1912 and the Average Man

IT WAS A DIFFERENT WORLD IN 1912. Slower. No man's voice, for example, could reach more than a handful of listeners at any one time. On Monday morning, April 22, 1912, William Howard Taft, President of the United States, swung his smiling bulk to the front of a platform in Washington, D. C., spoke to a group of business men.

"When," said he, "the recommendation for a national chamber of commerce was made, the suggestion appeared problematical to the minds of many. . . ."

The President, voicing an idea of prime interest to every business man, was heard by about 700 persons: those personally present. No more.

Contrast this: 25 years later another man, wishing to speak 538 earnest words and wishing as many as possible of his fellow-countrymen to hear them, stepped almost alone into a silent room; and when he began to speak, around the entire world, in remote and lonely camps, on mountain tops and on deserts, in great cities far below the Equator, on numberless farms, in homes of many sorts on five continents and on countless islands, in automobiles gliding on smooth highways at 60 miles an hour, probably *half a billion* listeners heard directly, distinctly, instantly, the voice of "his royal highness Prince Edward."

A different world. Between the two dates, the two events, lay an extraordinary march of *business* history. Science achieved the miracle of the radio. Business, in but little more than a decade, made that miracle available to people around the globe.

The radio was but one of thousands of products. Consider a few of the things a man could not do in 1912: go to a "talkie"—see a news reel—ride a streamlined train—shop in a scientifically air-conditioned store—own a modern automobile: the materials were not available: safety glass, durable tires, alloy steels, improved paints—get a long-distance telephone connection in a few seconds—get London on the phone—fly from New York to Los Angeles overnight—ride on a self-levelling elevator—send a letter by air mail, or a package by parcel post—buy insulin for diabetic relief—freeze his own ice cubes—buy knock-proof gasoline—discuss vitamins—offer a woman a cigarette, safely—buy anything wrapped in moisture-proof Cellophane—make small talk about the stratosphere—buy a car on time, without blushing—shave by electricity—buy a row-crop tractor—get a bonus from the Government for *not* raising corn, tobacco, cotton, wheat—pay a fed-

December 7, 1911

Some central organization in touch with associations and chambers of commerce throughout the country and able to keep purely American interests in closer touch with commercial affairs would, I believe, be of great value.—PRESIDENT WILLIAM HOWARD TAFT in message to Congress.

January, 1912

Typical of political and business thought: Senator Knute Nelson, of Minnesota, rising in his place in the Senate Chamber, says—"I received this morning a telegram from a chamber of commerce in my state urging me to vote against the bill now before us. This afternoon I received a telegram from another business organization asking me to vote for it. What does business really think?"



The grocery store of 1912. Canned goods were replacing open containers but the public was doubtful. Cats on shelves and horse blankets in delivery wagons were protested



The "little girl reporter" interviews business men; finds "business opinions" at a variance



New York quits talking politics to watch Olympic athletes parade before leaving for Stockholm

PAUL THOMPSON



A traffic jam. Tourists found tops essential, gasoline available

KEYSTONE

eral income tax—ride in the country on concrete roads—cook in glass dishes—live in a glass-brick house—buy his wife a glass dress—get a federal farm loan—buy a tabloid newspaper—give his small son an Eskimo pie—cut his steak with a stainless steel knife.

For years the world had been gathering forces for breathless events that were to crowd the quarter-century after 1912. It was poised, ready to go. It had not “gone”. Not quite.

A definite epoch in the United States was just ending. Arizona became a state on February 14, 1912, and for the first time in all parts of the continental United States every qualified voter could vote as a citizen of an established state. Theodore Roosevelt, trying to get himself elected President again, failed; and the man the voters preferred, Woodrow Wilson, having business in mind, said chidingly in his inaugural address:

“There has been something crude and heartless and unfeeling in our haste to succeed and to be great. . . .”

Business didn’t like that much, was not yet prepared to admit the nubbin of truth in it, did not anticipate the discipline it would yet impose upon itself.

Many elements for the gathering of speed without heartless haste were present, to be sure. Some tools, forged, merely awaited perfecting. The electric starter for automobiles had been invented, but rare were the automobiles that were equipped with electric starters. Any automobile that made 45 miles an hour, as some stock models were supposed to do, was going some. Movies had won considerable acceptance, but were not quite socially established—not yet. The first Mack Sennett comedy appeared this year. Familiar screen names were Broncho Billy Anderson, Mary Pickford, Francis X. Bushman.

The Government was raising Cain with “trusts”—money trust, beef trust, harvester trust, shipping trust, coffee trust, bathtub trust; others were trembling in their theoretically plunderous boots. Everybody was talking about the high cost of living, prices of steaks were a scandal. Most people still used gas for illumination, and boys with long sticks went around town and city streets at dusk turning on gas street lights. The first office building in

March 1, 1912

President issues call for conference of commercial and trade organizations and directs Charles Nagel, Secretary of Commerce and Labor, to proceed with arrangements.

April 22, 1912

The National Commercial Conference assembles. Addressing 700 representatives of 392 commercial and industrial organizations, Secretary Nagel says: “It has been suggested not only that you organize so as to have a common commercial opinion to submit to the Government, but that you get the sign of authority in the shape of a national charter which will enable every officer of the Government to say—this is the recognized representative of the commerce and industry of the United States.”

John H. Fahey, of Boston, chairman of committee on permanent organization, submits plan for Chamber of Commerce of the United States. Harry A. Wheeler, of Chicago, elected first president.



Harry A. Wheeler, U. S. Chamber's first president. From an oil portrait by Leopold Seyfert

June 4, 1912

Bill giving the Chamber of Commerce of the United States a federal charter is reported by the Judiciary Committee of the House with the recommendation "that the bill do pass."

September 22, 1912

First issue of *Nation's Business*, Chamber organ, appears. Topics—aliens, chemistry, wireless towers building at Arlington.

January 14, 1913

By first referendum National Chamber membership votes for a national budget system.

January 21-23, 1913

First Annual Meeting. Chamber proposes a permanent Tariff Commission, uniform bills of lading. "Our present banking and currency system, based upon laws enacted fifty years ago, is entirely inadequate for present needs."

New York City to have a fleet of express elevators was occupied in May. Grocers, facing the competition of chain stores and mail-order houses, were organizing voluntary chains with their own wholesale houses—and many were apprehensive lest farmers ship direct to consumers by means of the new-fangled parcel-post system that Congress had just made provision for.

Colonel Goethals was still digging the Panama Canal, people were wondering what effect it would have on world trade. The Cape Cod Canal would not be finished for two years yet. The Keokuk Dam and power project, most stupendous engineering feat under way anywhere except for the Panama Canal, was nearing completion.

General Motors Company (not yet Corporation) employed 16,584 workers, now upward of 200,000, at the manufacturing peak. Early touring enthusiasts, thrilled by accounts of a coast-to-coast tour by 12 automobiles, learned that for such a trip a top on the car was essential; that gasoline was available practically every day, but west of Denver you had to buy it in five-gallon sealed cans; that the journey could be completed without undue hardship in 45 days. Plans were under way for the fourth international automobile exhibition, to be "inaugurated under the august patronage of his majesty the Emperor of Russia." Travel, however, still meant a railroad trip; railroad securities were still "old reliables" on the New York Stock Exchange—though regulation was becoming a bit monotonous. Fast trains were wrecking themselves, killing people alarmingly, authorities were saying that speed or the weight of passenger trains might have to be reduced.

It was a tasty item of news in 1912 when business man Harold F. McCormick bought a rug that had been appraised at \$100,000; when, during the month of May, 52 people were killed in New York City in various vehicular accidents; when John D. Rockefeller was reported



Resentment against department stores was dying down in 1912 as chains, mail-order houses, drew fire of local merchants



Newspapermen and dignitaries watch President Taft sign the proclamation which brings Arizona into the union as the forty-eighth state

BROWN BROS.

I am confident that with your marvelous growth, the sound principles upon which you have established your association, and the great opportunities that present themselves, the future of this organization will show it to be one of the real non-official factors in the progress of our country.—PRESIDENT WILLIAM H. TAFT.

to be worth more than \$900,000,000. Conservative aeronautical engineers shook doubtful heads over speed in flight, which had reached the "tremendous figure" of 108.5 miles an hour.

The distance flight record was 627 miles, the duration record 13 hours, 17 minutes.

The Clean Food Club of Chicago, pioneering a bit daringly, urged that no cats be allowed in grocery stores, that no horse blankets be kept in delivery wagons. It was said with some awe that 2,800 "motor wagons" were being used for deliveries by grocers in 46 states and territories. Inventors were trying to find a way to operate a parachute from an airplane (in those days, "aeroplane"). Captain Robert F. Scott reached the South Pole on January 18, but nobody heard the news or learned about his tragic fate for months thereafter: unlike the Byrd Expedition, when every stubbed toe was reported instantly on the air. Many people were reluctant to eat foods put up in cans which were rapidly becoming popular.

The price of Ford cars was dropping dramatically year by year, from \$950 to \$780 to \$690 to \$600, and in 1912-13, Ford sales passed the 100,000-a-year mark.

It was said that two youngsters had succeeded in talking by wireless telephone. Germany was rapidly expanding her commerce and her navy; England's navy was expanding more rapidly still.

Japan was assuring nervous Americans that she had not bought a harbor on the coast of Mexico. The Balkans were having another cat fight; Jimmy Hare, daring news photographer momentarily on the Bulgarian front, sent back a picture of an airplane equipped to drop a bomb, writing on it:

"Another horror... this bomb... capable of setting cities... on fire."

A different world. Slower. Lacking even the idea of many of the things that we have in 1937. Manufacturing production had increased at a far faster rate than population. Conservative business men dis-

April 30, 1913

Labor relations in the foreground. Chamber submits referendum proposal that "There should be no prohibition on the use of the appropriation for enforcement of anti-trust laws for prosecution of labor and agricultural organizations."

August 26, 1913

President Wheeler and a Chamber committee urge, before Senate Banking and Currency Committee, establishment of a Federal Reserve System.

November 8, 1913

Foreign Trade. Chamber submits to members proposal to enlarge Bureau of Foreign and Domestic Commerce and appoint commercial attachés.

December 23, 1913

Federal Reserve Act passed.

February 11-14, 1914

Trade barriers. Chamber warns of "unjust tariff discriminations" against American goods. Declares against class legislation as "a violation of fundamental principles." Discusses holding companies, centralization of industry, an "Interstate Trade Commission."

John H. Fahey, of Boston, elected president of Chamber.

cussed, feared, possible saturation of home markets, did not dream of the vast potential buying power of home markets still to be unleashed. But seeds of essential, basic changes were sowed or sowing. . . .

IN THE MINDS OF INDIVIDUALS, unknown to the great majority—conceived abstractly, as hypotheses, ideas, experiments—the reasoned dreams of "theorists"—triumphs of fact patiently piled on fact, some of them seemingly ridiculous or impossible—the good confused hopelessly with the bad—needing still the mid-wifery of "practical" men to get them inducted into use in a workaday world, needing the test of daily use to prove their final worth or worthlessness . . . many of the methods, processes, beginnings, due to develop into coming businesses, existed in foetal form in 1912.



Molecules into Miracles

INTO A THOUSAND INDUSTRIES was beginning to creep a new word: chemistry. Creep? Sweep! Even with the coming of the Twentieth Century, chemical industries, chiefly inorganic, began to develop rapidly. That was mostly *business* development. Much of the basic scientific development had been done elsewhere. Blond Count Johann von Bernstorff, Ambassador to the United States from Imperial Germany, blandly surveying the American scene for his Government, reported that Americans had neither men nor minds for industries so complex as those founded on the science of organic chemistry. The Count suavely had other matters also to report. For instance, after a time, that Germany at war with Europe, despite presidential protests would continue her submarine policy of frightfulness. Washington, bitterly aroused, told him to go home. And Americans in the year of his going, 1917, invested \$146,160,000 in chemical industries. No less. The flight of new capital to chemical industries in the six years, 1914 to 1919, totalled \$513,383,000.

The genius of chemistry, inquisitive American business men soon

learned, is to break the molecule into its component parts—to start building or rebuilding from there—to subtract, add, combine, with accurate knowledge of the infinitely small—and presently, to produce a miracle. Business had little use for miracles that could happen only once. Chemistry's miracles, satisfactorily, could be repeated. Materials, often of the humble common sort, could be fed into hoppers or chutes, could travel along lines approximately straight under high heats or pressures, through vats, furnaces, mills and machines that pressed, that rolled, that ground, that washed, that cooked—and there would emerge at the end of the process some new kind of product of amazing uses that enterprising salesmen could sell. The new cooperation between chemistry and business was one of the smartest things that ever happened for both—and for society. From that partnership emerged so many new articles (200,000, it is said) of daily utility, many of them for consumer use and within the price reach of millions, that living in 1937 became a different sort of undertaking than ever before in history.

Came, for one thing, color. Countless articles that always had been necessarily drab, became more friendly to the eye, more decoratively useful in offices, automobiles, homes, factories. Census officials did not bother to list American-made dyes in 1914. Dyes had come, comfortably and almost exclusively, from Germany. The war stopped that. Imports no more moved in. Stunned, American industry paused to catch its breath, presently resolved to try the job itself. Succeeded. Today, American textile manufacturers have at command, home-made, thousands of new dyes; paint makers can produce practically any desired shade; oil refiners can color and trade-mark their gasoline; cement, paper, plastics, ink, nail polish, shoes, may be given almost any desired color. The dye chemist, from a knock-out start, learned to produce some 30,000 dyes.

Synthesis was a word from chemistry that business men mastered. Not only the word. The process: as a scientific fundamental, upon which

April 14, 1914

Chamber, by referendum vote, recommends creation of Federal Trade Commission.

May 25, 1914

More of the "trusts"! Referendum proposal to prohibit interlocking directorates aimed at "suppression of competition" sent to Chamber membership and approved.

August, 1914

War! Executive Committee of Board goes into continuous session in Washington to promote cooperation between government and business men in emergency.

September 26, 1914

Federal Trade Commission Act passed.



CHARLES PHELPS CUSHING

Although Gasoline had to be bought in cans west of Denver, this Kansas Citian had established this filling station as early as 1910. The car is an early White



CULVER SERVICE

Women marched with the parade, demanded new freedom, proved right to demand it. Ruth Law dared to do all the men did with planes of the day



KEYSTONE

The original "flapper." This photo was taken just before the dresses started growing shorter and shorter



PAUL THOMPSON

Business, which had been a men's world, became women's world, too, as they demonstrated ability to handle the new machines



BROWN KNUSS.

Skirts reached the knees or higher. Some people complained. All looked



BROWN SPDS.

Annette Kellerman shocked the modest with the first one-piece bathing suit

business might build. Camphor, for instance, comes chiefly from far-off trees of Formosa—natural camphor. It had been used for centuries, chiefly medicinally, and latterly in the manufacture of celluloid. American chemists learned to make it synthetically without Formosan materials, with hydrochloric acid, American turpentine, American methods. In the midst of the depression, when the price of crude camphor had fallen to an invisible low of 28.5 cents a pound, a brand new plant at Deepwater, N. J., began producing 1,500,000 pounds a year of finer, purer camphor, and, despite price competitions, it was immediately preferred in the manufacture of pyralin plastics, safety glass, films.

Chemistry in this quarter-century became new magic on these shores. No Teuton wrote this sentence:

"In the conversion of monovinylacetylene to chloroprene similar conditions were encountered, because chloroprene, which is formed by the addition of hydrogen chloride to monovinylacetylene, reacts readily with a second mol of HCl to form dichlorobutene."

No, it was written by an American editor, describing certain steps that led to the triumph of American-made synthetic rubber, long dreamed of, barely getting a start in 1934, already in 1937 proving itself indispensably better in certain ways than rubber made from pure caoutchouc—finding uses in gaskets, packings, pump pistons, the lining of many kinds of hose—standing (though still too costly for tires) as a permanent barrier against future excessive prices for monopolistic rubber brought here from abroad.

Chemists explored. They mixed nitrocellulose, camphor, skill, prepared a cement. It was used first on leather belts. In factories, someone noticed that the leather in a belt would break sooner than the cemented joint. "Shoes," said that observer, "are made of leather, with nails, thread—" Why not cement? Already the idea has revolutionized the making of women's shoes, has challenged the men's shoe field.

Chemistry created a soap that leaves no ring in the tub after a bath. Chemical anti-oxidants increased the life of automobile tires manyfold. Everyone has heard how chemists produced quick-drying lacquers for use on automobiles, woke a sleepy paint industry into furious life. A quarter-century ago there were only a few paint and varnish research laboratories, perfunctorily employing a half-dozen or so chemists. Today the research laboratories in this industry number 100 or more.

Chemistry invaded the lumber industry, learned how to make timbers termite-proof, rot-resistant, fire-resistant, banished blue stain—found new ways to use the wastes of the industry—discovered a process for making wood-pulp paper cheaper from Southern pine than from Canadian spruce, promising in time to move a vast industry into the agricultural South, to benefit farmers there by making Southern pine a farm crop. To make lumber of a tree adds about 40 per cent to the value of the materials; to make wood chemical derivatives may add as much as 1,200 per cent. Chemistry stepped into the glass industry, produced safety glass, now a requirement by law on all new cars in many states—produced glass fibers (some of them 1/10,000th of an inch in diameter) that can be used as a textile material, or as filters for cleaning air—produced plates of glass which will not break even when

February 3-5, 1915

President Woodrow Wilson, addressing Chamber Annual Meeting, says:—"Seriously, the task of this body is to match all the facts of business throughout the country and to see the vast and consistent pattern of it. That is the reason I think you are to be congratulated upon the fact that you cannot do this thing without common counsel. There isn't any man who knows enough to comprehend the United States."

Secretary of State William Jennings Bryan, also addressing meeting, grows prophetic:—"I am confident that in the next 25 years we shall see, not only a very large development in Latin-America, but we shall see our own people have a very large part in that development."

Senator Theodore E. Burton, of Ohio, and Secretary of Treasury W. G. McAdoo, debate bill for Shipping Board.

May, 1915

Chamber aids in arrangements for Pan-American Financial Conference called by Secretary of Treasury to consider common problems caused by war. Chamber officers and directors participate in conference and in International High Commission which follows.

May, 1915

Chamber sets up, with business men's organizations in Latin-American countries, facilities for arbitration of disputes arising in new trade.

1915

Special committee to make recommendations for national defense appointed.

a full-grown man jumps up and down on them. Chemistry produced the photoelectric cell, applied it to many industrial processes.

To agriculture, chemistry said: "What can I make that you need? What do you produce that I can use?" In 1912, there was not one plant in the United States for the fixation of nitrogen from the air. Nitrates for fertilizers came from Chile, mined there from age-old deposits. Chemists found, made available, abundant, inexhaustible, less costly supplies in the immediate atmosphere and other sources which they unlocked. Insects, weeds, plant diseases cost farmers in the aggregate billions of dollars every year; chemistry even yet has barely begun to analyze that problem, to produce the chemicals that prevent, kill—but already the volume of business in insecticides is millions yearly, the savings huge. The use of farm products for the purposes of industrial chemistry, likewise, has barely begun, no one knows yet how far it economically may go. Cotton and wood into rayon, lacquers, photographic film—vegetable oils into paints, varnishes, enamels—turpentine into camphor—corn into butyl alcohols and acetone—corn-starch, with other things, into dry ice—oat hulls into plastics—corn or, perhaps, Jerusalem artichokes into fuel alcohol . . . these are a few beginnings visioned or realized, being tested, played with, in the twin retorts, time and experience.

Chemistry begat cosmetics. Business, marching arm-in-arm with chemistry, begat the quarter-billion-dollar cosmetics industry. In 1916, when liquid nail polish was introduced, not one American woman in four used any manicure preparations; tinting the nails was not yet "done," scarcely even thought of. In 1933, no less than 76 per cent of American women used a tinted polish; women who still abhorred rouge, lipstick, powders, were palely exceptional.

In 1912, rayon was still "artificial silk," purely a novelty product.



The drug store of 1912 sold drugs. Only a few even boasted a soda fountain. Cosmetics were few and their use regarded as not entirely proper. Not one woman in four used any manicure preparations

BROWN BROS.



In 1912 rayon was still "artificial silk," an expensive, not too satisfactory, novelty. It did not become officially "rayon" until 1924

By forcing cellulose through minute holes and drying the filament in air or chemicals, it had been made in Europe for several years. The first American factory was established in 1911, and the entire year's production for this country alone amounted to 320,000 pounds. Anyone truthfully describing the product then would have called it coarse and weak when wet, harsh and shiny when dry.

But it had—possibilities. Research developed them.

In 1924 this cellulose product was officially christened rayon by the National Dry Goods Association and other bodies. Already it had begun to take its place, not as a substitute for silk, but as a separate synthetic textile material of many uses, its qualities completely controlled by manufacture. At first, it was too shiny: it reflected light like a mirror. Stylish women wouldn't have that. Researchers studied luster in fabrics, found how rayon could be made more or less shiny, as desired. On a scale ranging from 0 to 100, they learned to produce it with a luster as low as $1\frac{1}{2}$ per cent, as high as 80 per cent.

Early rayon filaments were coarse: standard yarns contained only 12 filaments. Within a few years, ways were found to increase the number of filaments to 18, then to 24, 30, 40, 60, 90, finally 150. Each decrease in size of filaments, each increase in the number in the yarn, made finer and better fabrics possible. Today there are many rayon fabrics of a luxury and beauty that cannot be duplicated in silk at any price. The natural product must be used as is; the synthetic product may be varied almost infinitely, made stronger, made to take dyes in many ways, made of greater or less luster—is even made in fibers of staple length for spinning on cotton machines.

Quality improved marvelously. Wet strength of the product has been tripled. But—prices fell. In war times, the peak price of 150 denier viscose rayon was \$6 a pound. By 1924 it had fallen to \$2, by 1933 as low as 50 cents. Consumption swept upward.

June 22, 1915

Chamber members, by referendum vote, oppose government-operated merchant marine.

November 15, 1915

War shadows gathering. Foreign trade. Proposals to improve foreign service sent to referendum and Chamber suggests International Court or Council of Conciliation.

December 30, 1915

Chamber recommends conference of neutral countries to formulate rules for protection of life and property on high seas.

February 8-10, 1916

Chamber out of swaddling clothes. President John H. Fahey says: "Its membership has gone far beyond the most optimistic estimates of those who, three and one-half years ago, joined in the conference in this hall."

"You are beginning to know the other parts of the country as well as you know your own part of it; and, better than that, you are beginning to know what the other parts of the country think as well as what your part of the country thinks."—PRESIDENT WOODROW WILSON

February 11, 1916

R. Goodwin Rhett, of Charleston, South Carolina, elected president of Chamber.

Production rose from 320,000 pounds in 1911 to 250,000,000 pounds in 1935. By 1926, rayon had passed in volume the natural product—silk. By 1928, thanks to changing modes of thought amounting to a feminine revolution, the amount of material required for a woman's complete costume (stockings excepted) had declined from an average of $19\frac{1}{4}$ yards (as of 1913) to seven yards; and a very large part of the seven yards was rayon. This "novelty" had become no more a mere substitute but a major product. Made so by basic research—by chemistry—by enlightened application by business of the lessons of research—by broad-minded use of an essentially American business principle of deep social significance: *enlarge sales (and total profits) by giving more product for less money.*

Cellulose, the basis of rayon, proved one of chemistry's magic materials. It is the stuff, in nature, that forms the wall of most plant cells. In practice, it is produced chiefly from wood or cotton linters. It may be produced with fair economy from cornstalks, sugarcane stalks, countless other plants, if desirable. Even the entire cotton plant except the seeds (not just cotton proper), may sometime be mowed like hay, used complete to extract the cellulose.

Numerous are the uses discovered by research for cellulose. Dramatic is the development of transparent packaging film. First made in the United States in 1922, Cellophane (which was a registered trade name, but the one the man on the street knows best) was used chiefly for wrapping boxes containing expensive candies. It was attractive in looks, had many defects in use, cost \$2.65 a pound. Research toughened it, produced it in many colors, made it waterproof. Today even articles of wearing apparel are made from it, even women's hats, sweaters, shoes. Slit into narrow widths, it is used as an insulating material for magnet wire. Curtains and draperies are made of it. The kind of Cellophane that sold for \$2.65 a pound, greatly improved in quality, reduced itself in price to 36 cents a pound; and the circle of benefits came round on itself: lower prices, increased consumption, increased employment. In a word, more products for more people, more employment, more money—greater abundance.

Other products made from cellulose, thanks to research, are a long list; nor does the end of new uses seem to be near. X-ray and other photographic film, toothbrush handles, shoe buckles, eyelets, lace tips, scuffless pyroxylin coatings on high heels, safety glass, window shades, upholstery fabrics, explosives, plastics used in fountain-pen barrels, buttons, toilet-ware—these and hundreds more. In this wonder story of science and business, only the first few chapters seem to have been written, almost wholly in the quarter-century just past, chiefly in the years since the War.

Chemistry knows many tricks. It transforms substances. Business, awakened to chemistry, creates or expands business enterprises with them. Peace found the United States Government the embarrassed possessor of 40,000,000 pounds of tri-nitro-phenol. Phenol, in plainer commercial guise, is commonly known as carbolic acid. A little like maple sugar to look at. Dangerously caustic to handle. Useful in war to make picric acid, thence lyddite and melinite, components of

deadly shells. The Government didn't know what in the world to do with 20,000 tons of the stuff. Industry could absorb about 3,000 tons of it a year at that time, partly for aspirin and related medicines, partly for plastics.

Said the Government to a big chemical company:

"Get rid of it for us!"

The price named was 12 cents a pound. Less than a year before, the price had been 55 cents. Chemical companies could not produce it at that time for less than 15½ cents a pound, actual cost.

For the moment, this looked like disaster for somebody, spelled with a capital D. Actually it was opportunity, with a big O. The plastics industry came awake, rubbed its eyes, said, "Here am I!" Theretofore the principal plastics had been celluloid, a cellulose product of long standing, well established uses, some undesirable qualities; and Bake-



Bakelite research like this had to wait (although Bakelite was developed in 1905) until cheap phenol made the plastic industry possible

lite, developed by L. H. Baekeland in 1905. Cheap phenol enabled Bakelite products at once to show what they could do, particularly on radio parts (radio was just then becoming popular) and on electrical parts, for jobs formerly done mostly by porcelain or hard rubber. Other plastics products, thanks to cheap phenol, were promptly developed.

That was a beginning. Progress was steady up to 1929, little short of phenomenal since. Depression seemed to be an incentive rather than a stopper. The 40,000,000 pounds of phenol that was an unwanted surplus for all purposes in 1919, would now scarcely supply the plastics industry alone for a single year; and the medicinal requirements have increased. Chemical manufacturers—research—found how to manufacture phenol for far less than 12 cents, the "ruinous" price of 17 years ago.

The range of products included under the head of plastics became enormous. Probably more buttons are molded from phenolic plastics than from any other one product. Radio tube bases are plastics. Likewise automobile distributor heads. Thread guides, rollers and similar

1916

Congress approves Federal Highway Policy conforming to Chamber declarations.

April 1, 1916

Chamber membership divides on resale price maintenance but favors proposal by a margin. Approves vocational education by referendum.

April 19, 1916

More of war. Chamber urges "defense forces both on sea and land should be so increased and the industrial resources so coordinated as to make fully available the military, financial and industrial strength of the nation."

June-July, 1916

Coming events foreshadowed. *Nation's Business* discusses chemistry and dyestuffs, inflation, shipping, eight-hour day for railroad workers.

August 29, 1916

Pomerene Bills of Lading Act becomes law.

November 8, 1916

United States Tariff Commission, advocated by Chamber, created.

November 17-18, 1916

Chamber's National Council weighs railroad labor problem.

parts used in the thread and rayon industries. Commutator parts. Abrasive grinding wheels bonded with thermo-setting resins (phenolic plastics products) may operate safely at high speeds. Brake linings live longer because of plastics. Brush bristles may be bonded with a plastic material.

Everyday articles made of plastics are clock cases, teething rings, toilet seats, percolator handles, pipe stems, telephone sets, vacuum cleaner parts, door knobs, ash receivers, candlesticks. Furniture and interior finishing made of plastics may be pressed and stamped, or molded, instead of tiresomely tooled and glued; and when finished they may be fireproof and verminproof, have a permanent finish, be not susceptible to warping or shrinking, may far outlast the house and the owner.

Plastics of many desired qualities may be made, are made. Many kinds of materials may form the basic substance: furfural from oat hulls, soy beans, casein. The chemical industry is today producing plastics by a continuous process out of a machine, more or less by the mile, as spaghetti is produced—as glass is produced—as doubters once said that glass could never be produced, and as Henry Ford proceeded to produce it. We are only at the beginning with plastics, they say. But already the industry is a straining young giant.

Chemistry of course looked into the home, produced countless articles of new convenience which business thereupon introduced to alter and improve it. Mechanical refrigeration was impractical until chemists found safe refrigerants. Home uses for plastics are numbered by the hundreds, even for construction. Gadgets. Quick-drying lacquers. Waterproof sandpaper. Air conditioning, barely thought of in the present sense 25 years ago, introduced for comfort cooling only a decade and a half ago, sweeping quickly as a necessity into theaters, restaurants, railroad trains, stores, and now homes—like the mechanical ice-box, it too had to wait on the chemistry of refrigerants. As an industry, perhaps it can hardly yet be said to have started its real race.



The world mourned and marvelled when the Titanic sank. Mourned the loss of 1,517 lives. Marvelled that radio brought aid for the survivors

BROWN BROS.



Americans talked of "trusts," but the country's greater opportunities still lured thousands of immigrants like this to Ellis Island

PAUL THOMPSON

Chemistry played a major continuous rôle in the production of better and better, cheaper and cheaper gasoline, the fuel that has wrought changes far-reaching in this quarter-century. Petroleum, a natural resource laid down when the earth was still the play-yard of herb-hungry gigantic Theropoda and Stegosauria, is of course exhaustible. Geologists have never agreed how soon we will use up all there is. Their best prophecies have been proved wrong time after time by discoveries of new fields. But the supply is not limitless. That, all know. Chemistry immeasurably extended the useful life of what we have.

At the turn of the century, all of the gasoline refined out of a 42-gallon barrel of crude oil was 5.4 gallons. In 1933, 18.4 gallons were refined, and it was possible to recover far more per barrel if desired or necessary. Chemistry found the way. More gasoline per barrel naturally meant longer life for available petroleum supplies. 17,000,000,000 gallons of gasoline were used in the United States in 1934. Had the refining processes of 1917 still been in use, not less than 1,800,000,000 barrels of crude oil would have been used; but refining had been so much improved that only 900,000,000 barrels were used. Chemistry made gasoline a better fuel, too, by developing tetra-ethyl lead, by doing things to the octane rating. Cracking, hydrogenation, polymerization became common terms in the industry.

The process familiar in progressive American business followed on the heels of this research: improved product; greater use; falling prices. The retail price of gasoline in 1919 averaged 25.41 cents a gallon, minus taxes; in 1927, 18.28 cents; in 1934, 13.64 cents.

Chemistry also said: "If you oil men run out of oil, I'll show you how to make the same thing from coal."

By present knowledge, from 90 to 140 gallons of gasoline can be made per short ton of coal.

These things and many more, chemistry, hand-in-hand with busi-

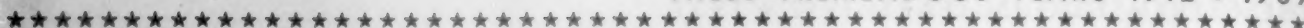
January 17, 1917

Chamber members, by referendum, urge federal legislation permitting cooperative agreements, under federal supervision, for conservation of natural resources.

January 31-February 2, 1917

Chamber proposes full public investigation of railroad labor controversies before interruption of traffic is permitted. Discusses Americanization, daylight saving. Declares in favor of "a profit so low as to preclude profit interest in war."

"It is very instructive and useful for the Government of the United States to have an organization such as you are ready to supply a sort of consensus of opinion which proceeds from no particular quarter and originates with no particular interest."
PRESIDENT WOODROW WILSON.



May 23, 1917

War Shipping Committee obtains special recognition for shipyard workers and other measures to promote widespread cooperation in ship-building program.

1917

War! Chamber organizes more than 400 War Service Committees, representing as many industries, functioning under War Service Executive Committee of Chamber and cooperating with Council of National Defense.

"Of indispensable value in facilitating contact between various sections and branches of industry corresponding to them was the series of war service committees, originally under the Council of National Defense and later transferred to the supervision of the United States Chamber of Commerce." — BERNARD BARUCH, chairman, War Industries Board.



In 1912 land planes had reached the tremendous speed of 108 miles an hour. Glen Curtiss was risking his neck in this, the first seaplane

BROWN BROS.

ness, did, mostly in this quarter century, mostly in the last two decades, with increasing intensity since 1929. American chemical products in dollar value equal one-half of the world output. Colleges and schools have invested some \$300,000,000 in chemical buildings and equipment. Even a Count of ancient lineage from the Imperial German Empire, could be wrong about men, minds, and chemistry in America! Incentive—free competition—yes, drive for profits—caused business to guide society toward a fuller, more satisfying and abundant life, toward products that never would have been created (demand would not have been created) with a less hard-whipping incentive. It was chemistry, perhaps more than any other one science, that taught business men the true significance to them of pure and applied research. . . .

1913-1916

YEARS MARCHED. Events on the screen of time took endless changing shapes. New things. Ford's first assembly line. Patent on a hookless fastener. D. W. Griffith's "Birth of a Nation" — a new high in motion pictures. Sinking of the "Lusitania." The discovery of vitamins. A Serbian duke slain, Europe going to war. Belgium invaded. Germans at the doors of Paris. A halt in American business, a gathering of new forces. "Germany's lost trade, America's opportunity." The art of packing for export. New jobs for commercial attachés. Can America make dyestuffs? The Panama Canal officially opened. The Adamson Law. Ford's "Peace Ship." Presidential campaign—"He kept us out of war." "Tipperary." "We held them at the Marne." Swift, surprising, awakening years.

Steel

THERE WAS AN AUTOMOBILE RACE AT PALM BEACH, and a smash-up. A French automobile was wrecked. This was in 1905, the pre-Cambrian age for automobiles. One of the uninjured racing drivers picked up one of the pieces: a little valve strip stem.

"What is this made of?" he asked. Nobody knew. It was light in weight, strong. "This," remarked the finder, "is the kind of material we ought to have in our cars."

It might have been just a remark: so much wind gone to waste. But that racing driver happened to be Henry Ford. . . .

He proceeded to discover that the strange metal was steel alloyed with vanadium. Tried to buy some like it. Couldn't. Found that American steel manufacturers did not know how to make it. Ford imported an Englishman who knew. Heats of 3000° Fahrenheit, he found, were necessary; the ordinary furnace could not go beyond 2700° Fahrenheit. By guaranteeing the owners against loss, Ford got a small steel concern in Canton, Ohio, to step up its equipment and run a heat for him. The first heat was a failure, the second one a success. It marked a revolutionary step in American steel-making. Automobile and most other manufacturers until then had perforce been satisfied with steel having a tensile strength of 60,000 to 70,000 pounds. Vanadium steel brought it up to 170,000 pounds. Weights could be reduced, strength increased.

This beginning had been made before 1912. The essential idea had been created: *a different purpose, a different steel*. In 1912 it was little more than an idea. Barely two per cent of all steel was then alloy steel, and that mostly chromium, tungsten or manganese. Inter-vening years made alloys in vast variety one of the basic, little-recognized, necessary factors of far-reaching change, one of the great triumphs of this tremendous quarter-century. The metallurgical engineer (well up on his chemistry!) adds a small amount, say, of nickel, molybdenum, vanadium, chromium, manganese, silicon, copper, tungsten, varies the heat treatment, produces steels of widely varied qualities. Many of the everyday wonders of 1937 we would not have at all, had steel not kept pace—set the pace, often.

Progress in one industry frequently conditions progress in another. Low-priced automobiles would cost five times as much were there no high-speed steels. With carbon steels alone, they could not be produced at all in present form. The modern automobile uses about 125 *different kinds* of steel; 80 per cent of the weight of the average car

1917

Chamber members, in referendum, vote 199 against, 1,080 for, excess profits tax as a source of war revenue. Urge heavily increased taxes to lessen government borrowing and avoid inflation.

September 12, 1917

Proposal for return of railroads to private ownership and operation after war approved by Chamber members with proposal for control of commodity prices during war. "Control should extend to the prices the public pays as well as those paid by the Government."



PAUL THOMPSON

Sour notes crept in. Confidence was shaken. Such a time came in 1914 with the run on the Seamen's Bank. These women are waiting for their money

"On more than one occasion I have expressed my hearty belief in what the Chamber of Commerce of the United States is doing. Your referenda are both educative and useful in that they not only focus simultaneously the attention of business executives on a national question, but they lay before Congress and the authorities in Washington the opinion of American business in regard to national problems affecting industry and commerce."—FORMER PRESIDENT THEODORE ROOSEVELT.

September 18-21, 1917

War Convention of American Business Men meets at call of National Chamber. Declares: "It is the spirit of American Business that, however fundamental may be the change in the relationship of Government to Business, the Government should have, during the period of the war, authority to control prices and the distribution of production for public and private needs to whatever extent may be necessary for our national purpose."



"The Birth of a Nation" brought the close-up which changed the whole technique of movie acting, proved film drama could be "art" and respectable

BROWN BROS.

is steel; and the average weight of cars has been cut in half in 20 years by use of alloy steels. Beauty and utility have been enhanced: steel without surface flaws takes enamels smoothly, makes handsomer bodies with fewer coats; steel of deep drawing quality may be shaped without buckle, wave or blemish into fenders, wheel housings, hoods, window frames; flat steel sheets 84 or 90 inches wide are fed into a press, a die weighing 147,000 pounds pounces, and out come all-steel tops, without evidence of strain marks, at the rate of 90 tops an hour. No steel made in 1912 could "take it" like that.

Many are the hidden uses of better steels. Non-corrosive alloy steels make possible the refining of gasoline at modern standards of economy and efficiency; such steels stand up under temperatures ranging from minus 40° to plus 1000° Fahrenheit. Tank cars on railroads and highways, lined with shining stainless steel, daily transport millions of gallons of contamination-free milk. Railroad trains built of stainless steel weigh about one-third as much as standard trains of equal carrying capacity and, thanks to dieselization, cost about one-third as much to operate. The peripheral speed limit of tools a quarter of a century ago was around 35 feet a minute; alloys now run up to 1,100 or 1,200 feet a minute.

The average useful life of steel in service in 1912 was reckoned about 22 years. Some alloy-containing steels slow down rust attacks, or postpone them almost indefinitely. Others resist wear better. Hence the average useful life of steel has been lengthened, is now about 32 years.

Steel won its triumphs. They did not just happen. In 1936, companies having nearly 90 per cent of the country's steel capacity were spending about \$9,200,000 on research. Revolutionary is the right word for many of the achievements to date; yet—those who know best, say that the doors of progress have little more than been opened for alloy and other steels. . . .

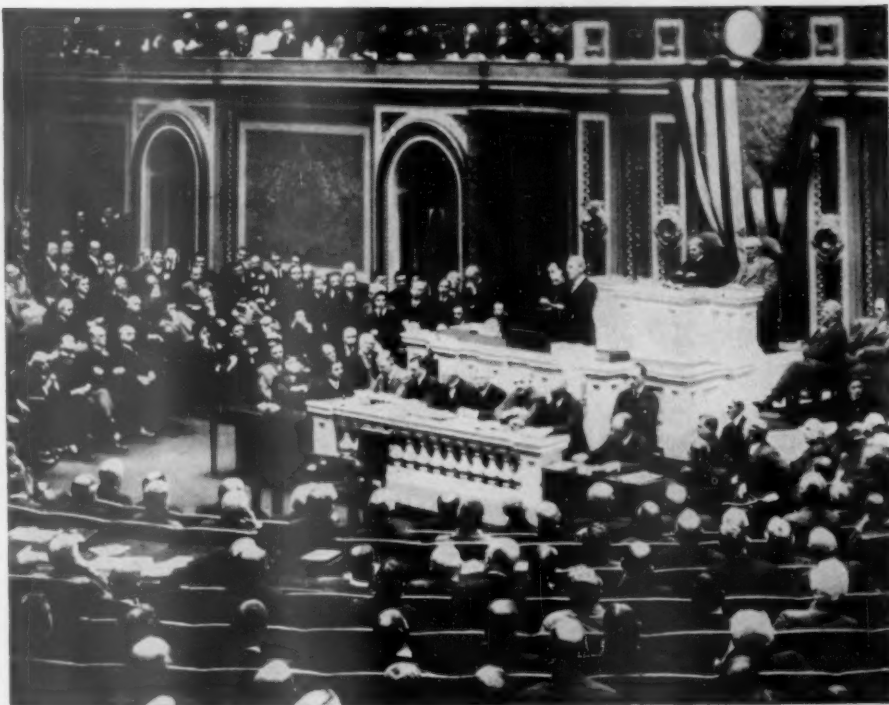
1917-1919

YEARS MARCHED, AND BUSINESS WITH THEM. The United States entered the war. Universal draft. Young men asking, "Will I have to go?" Young men demanding, "How soon can I go?" Theodore Roosevelt wanting to command a division. Franklin Roosevelt assistant secretary of the Navy. George M. Cohan's song, "Over There!" Purchase of the Virgin Islands. Emergency Fleet Corporation. Government running the railroads. "Dollar-a-year men." Women in men's jobs. The AEF. The United States a creditor nation. Daylight saving. Submarine horrors. Liberty loans. Casualty lists. High costs, high prices, high wages. "What this country needs is a good five-cent cigar." Wartime prohibition, and the Eighteenth Amendment. The Volstead Act. War loans. Armistice day. The League of Nations. Navy fliers cross the Atlantic. "True-Story Magazine" starts publication. Oregon, the first state to tax gasoline. Steam automobiles no more. Woman Suffrage Amendment. The Versailles Treaty. Bolsheviki. Kerensky. Lenin. John Reed. Boston police strike. I. W. W. Reconstruction.

Space Shrinks

HORIZONS HAD BEEN NARROWER IN 1912. The world was larger. Distance was measured differently. Vast spaces. The time it took to traverse them. Difficulties, real or imagined, dangers of journeys far from home.

Ideas traveled but little less slowly than men. True, there was the telegraph. News flashed over the wires, was printed in the papers. There was the telephone. But not the modern telephone. True, a wholesaler in New York, even in 1912, could talk with a customer in Denver. Not many did. "Long distance" was not yet a habit. Men told friends about it if they called somebody in another state. It might take half an



"The world must be made safe for democracy," Woodrow Wilson told Congress on April 2, 1917. On April 6 a state of war with Germany was declared

December 13, 1917

Chamber board suggests government take up housing as a war measure.

February 1, 1918

Power! Chamber members by referendum approve basic policies later followed in federal legislation: "Rates and service should be regulated by state commissions where the service is intra-state."

April 10-12, 1918

More of war! Chamber meeting discusses concrete ships, wooden ships, government control of prices, central control of government buying. Chamber's war committees keep stream of supplies flowing.

Harry A. Wheeler, of Chicago, elected president of Chamber for second time.



Long lines formed as men "caught in the draft" assembled to register. Those between 21 and 30 signed June 5, 1917. Those 18-45 registered Aug. 31, 1918

PAUL THOMPSON



The movies specialized in films to speed recruiting. Remember "The Battle Cry of Peace", "The Beast of Berlin"? Other films showed prospective soldiers views of life in the army

KEYSTONE



PAUL THOMPSON

ADVERTISEMENT.

NOTICE!

TRAVELLERS intending to embark on the Atlantic voyage are reminded that a state of war exists between Germany and her allies and Great Britain and her allies; that the zone of war includes the waters adjacent to the British Isles; that, in accordance with formal notice given by the Imperial German Government, vessels flying the flag of Great Britain, or of any of her allies, are liable to destruction in those waters and that travellers sailing in the war zone on ships of Great Britain or her allies do so at their own risk.

IMPERIAL GERMAN EMBASSY
WASHINGTON, D. C., APRIL 28, 1918.

BANKRUPTCY NOTICE

UNITED STATES DISTRICT COURT FOR

Germany's warning to travellers. The Lusitania was sunk May 7, 1915. "Unrestricted" submarine warfare officially began Feb. 1, 1917. The United States broke off diplomatic relations with Germany Feb. 3



BROWN BROS.

The Kaiser visits the front in the early days of the war. Members of his general staff are with him

The Women's Independent Rifle Club of Cincinnati prepares for invasion. Seven came to drill. They told the photographer others were housecleaning



KEYSTONE

Business men became four minute speakers. Everybody sold Liberty Bonds. Mary Pickford has just purchased one for \$1,000



PAUL THOMPSON

Spy stories were rampant and every alien was suspect. Many demonstrated loyalty publicly by pledging allegiance to the flag



BROWN BROS.

At Lafayette's tomb, General Pershing utters a phrase that is to become a catch phrase for America: "Lafayette, we are here." "Papa" Joffre (center) applauds

The jobs they left behind! A woman replaces a street car conductor who "is in the army now"



KEYSTONE



PAUL THOMPSON

They marched away singing "Over There," while hysterical crowds cheered and patriotic girls passed out flowers and candy along the route

July 13, 1918

Chamber members approve recommendation that war profits taxes should be imposed at a high rate.

1918

Webb-Pomerene Act, allowing competitors to act in concert to meet competition abroad, urged by Chamber in 1914, becomes law.

December 3-6, 1918

Peace and reconstruction! Special Reconstruction Conference of Chamber considers removal of restrictions on industry, shipping, industrial relations, cancellation of war contracts.



Dollar-a-Year Men; Second Liberty Loan committee for New York: Sitting, Allen B. Forbes, Charles V. Rich, Seward Prosser, Jacob H. Schiff, George F. Baker, Benjamin Strong, James F. Curtis, James S. Alexander, J. P. Morgan, Martin Vogel, Albert H. Wiggin, James N. Wallace, Gates W. McGarrah. Standing, Charles H. Sabin, William Woodward, Walter E. Frew, E. C. Gray, Arthur M. Anderson, Guy Emerson

PAUL THOMPSON

hour to get the connection. Flight was still an adventure for crackbrains who apparently cared little if they died young; 99 persons in 100 had never seen an airplane in air. Automobiles, better known, were still no tools for the timorous or the thrifty; and they did little as yet to shorten distances—roads were too treacherous.

Wireless was a curiosity, a miracle—the world was horrified but thrilled, too, when the “Titanic” of desperate destiny on Sunday night at 11:40, April 15, 1912, with bands playing, ripped her steel-clad belly on an iceberg in latitude 41.16 north, longitude 50.14 west, off the coast of Newfoundland, and her wireless operator was able to summon nearer ships; and David Sarnoff with earphones clamped to his head hour after hour in a New York City skyscraper caught the dim messages of tragedy. But the radio then, in its modern form, was not even a dream. Broadcasting had not made Kokomo as near to Kansas City or Hollywood as the nearest radio dial. Not yet.

But the world was ready for the abbreviation of distances. Research eagerly led the way. Independent, adventurous business, eagerly followed. Dollars were poured out that men knew they might never get back—or that, perhaps, they might get back manyfold. Voters would not have sanctioned those outlays, had the question been voted on at the polls. Government, a creature of public permissions, could never have ventured what individuals ventured. “Men of the day,” says a telephone historian, “saw for the telephone no future, save as an interesting toy.”

That was when Bell invented it. The vision lay only with a few. These few dared, because they believed that somehow they, and the world, would profit. Later, eyes of the many were opened. Only then would the majority of votes have read “Yes!”

Telephones in the race with space were improved. Service was cheapened, cables and wires were laid. In 1915, Boston talked to San Francisco over a transcontinental line, causing a popular song (“Hello, Frisco!”) to blossom on everyone’s lips. Space had shrunk. In 1921,

Havana, Cuba, talked with Catalina Island by a combination of submarine cable, overhead and underground lines, radio telephone. In 1922, New York talked with the *S. S. America*, 400 miles at sea. In 1924, photographs were publicly sent over the wires, soon wirephotos were an established service. In 1927, regular New York-London telephone service was inaugurated. In 1931, business men were enabled to send typewritten messages by 'phone—and have them typed automatically at the other end. In 1935, President Walter Gifford of the American Telephone and Telegraph Company, sat in an office in New York City, Vice-president T. A. Miller sat in an adjoining office, and they talked to one another by 'phone—but the words traveled 23,000 miles, *all the way around the world*, through San Francisco, Java, Amsterdam, London, before reaching their destination.

High-lights only, these. There are twice as many exchange and toll calls today as there are letters and postcards handled by the United States Postoffice. In 1937, whoever is near a telephone in, say, North Platte, Neb., or Skowhegan, Maine, or Opelika, Ala., can be talking in a few minutes, if he chooses, with a friend in French Indo-China, the Dominican Republic, Canary Islands, or aboard the *S. S. Chichibu Maru* in the mid-Pacific. A 'phone, no matter where you are, makes you near neighbor of 52,000,000 other 'phone users: that is to say, 99 per cent of this country's telephones, 93 per cent of the world's telephones. It costs \$10.50 for a three-minute conversation with a friend in the Bahamas, \$31.50 to call up Jerusalem, \$36 to be connected with Bangkok on the Gulf of Siam.

The world's farther places drew near in these 25 years. Thanks to business enterprise, bringing service that the world at the outset did not know it needed.

Flight also helped. In 1912, seaplanes were being thought of, tried out. At the first airplane exposition held in New York for ten days, opening May 9, the curious saw fragile bi-planes in which the goggled bird-man had to sit exposed among many wires, his landing-gear consisting of light wheels and skids. Lincoln Beachey, a few months earlier at Chicago, had flown to a record height of 11,642 feet. A few months later, at San Diego, California, when 1,000 feet off the ground, the same daredevil swooped the nose of his machine up, a moment later was flying head down, and at the height of 300 feet leveled off, com-

"Men are coming rapidly to see that human life is of infinitely greater value than material wealth, that the health, happiness and well-being of the individual, however humble, is not to be sacrificed to the aggrandizement of the more fortunate or more powerful."—JOHN D. ROCKEFELLER, JR., before the Reconstruction Conference.

December 12-13, 1918

Railroad conference called by Chamber to discuss transportation policies.

February 1, 1919

Regulating trade! Proposal that "there should be standards of general business conduct to be administered by a supervisory body" approved by referendum.



KEYSTONE
National Daylight Saving, which began March 30, 1918, inspired this photograph. Congress repealed the act late in 1919 over the veto of President Wilson

[illegible]

February 13-14, 1919

Second session of transportation conference discusses private vs. public ownership.

April 16, 1919

Strikes and employment! By referendum vote Chamber members approve these declarations:

"The right of workers to organize is as clearly recognized as that of any other element or part of the community.

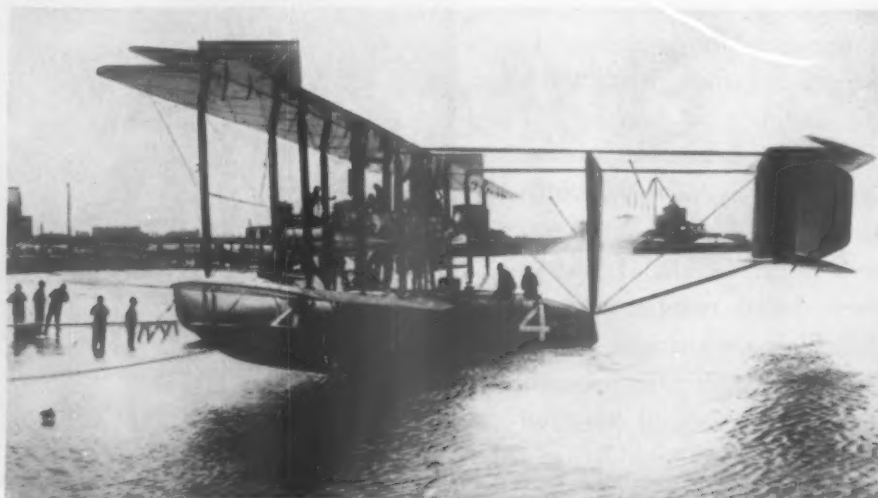
"Wages should be adjusted with due regard to the purchasing power of the wage and to the right of every man to an opportunity to earn a living at fair wages, to reasonable hours of work and working conditions, to a decent home and to the enjoyment of proper social conditions."

pleting the world's first airplane loop-the-loop. Calbrath P. Rogers left Sheepshead Bay on September 17, 1911, and 49 days later arrived at Pasadena to complete the first transcontinental flight; he consumed 13½ days on the ground, making repairs. Actual flying time three days, 10 hours, four minutes (no seconds)!

Came the war's quick-step. Came Liberty motors, thrilling tales of air "aces." A lad named Rickenbacker. Came the country's first air-mail service, between Washington and New York, May 15, 1918. Passenger service by air began, hesitantly, by transporting two women from New York to Atlantic City. Came endurance flights, overseas flights; the North Pole was crossed, in air. Came a youngster in a big bird out of the west in May, 1927, and after barely resting on Long Island, on he flew across the Atlantic, the first human ever to do it alone; and landing in Paris, where he was met by crowds tearfully gone mad, he said modestly to U. S. Ambassador Herrick, "I am Charles Lindbergh." Came airports, beacons, "flying the beam," automatic pilots, trans-Caribbean passenger service, trans-Pacific service, 746,946 airline passengers within the United States borders in 1935; 541,200 miles flown in actual-trans-Pacific service by the three clipper ships, *China*, *Philippine*, *Hawaiian*, in the first year of service, 66 one-way trips, more passengers than room for them. Airline companies announcing super-luxury planes. On January 19, 1937, Howard Hughes, motion-picture producer, stepped into his private plane casually in Los Angeles, and seven hours, 28 minutes, 25 seconds later, climbed out in New York.

The world's far corners rubbed elbows! Of flying they say, "We are just making a start. . . ."

And automobiles—roads. Too well known is that brilliant story to need repeating. In 1912, the first concrete highway outside of city streets was yet to be constructed. Transcontinental drivers looked forward to Iowa, where they could travel on a river-to-river road built in three years' time by enthusiastic farmers. And when, untimely, it rained, transcontinentalists found that famous Iowa road the worst stretch between the coasts! In 1912 there were said to be 667,000 cars in actual use in the United States—something like one car to every 140 of the



May 16, 1919, three sister ships left Newfoundland to fly the Atlantic. One, the N-C 4, reached the Azores the next day, Lisbon May 27, England, May 31



"Suffragettes" sold papers, paraded, held meetings to win the vote. Their efforts brought a Constitutional Amendment (the Nineteenth) in 1920

PAUL THOMPSON

population—and it was forecast, with a certain liking for the numeral "7," that 247,427 cars would be built during the year.

"Who," said an editor who yearned to boost but was a conservative at heart—"who will buy all these cars? Just think of the great number now in use! The country's buying power is not altogether unlimited."

A financial journal, resenting that farmers did not share with "trusts" some of the easy blame being handed out for the high cost of living, reported that 30,000 autos had been registered with the Secretary of State of Nebraska, said:

"Obviously, this is a situation that cannot be allowed to continue . . . in the interest of the farmer himself."

And a quarter of a century later, a nation awheel could—*did*—travel almost everywhere without "getting out and getting under", or getting into mud. For the number of cars and trucks registered had risen to 28,270,000, and early in 1937 one maker, Henry Ford, watched the 25 millionth car made in his own factories roll off the assembly line. And new processes for making better roads at lower costs were being announced: for instance, a method of mixing cement with the common dirt of any road, to create cheaply a long-lasting hard surface.

American goers bred a travel industry which, in all its phases, was reckoned to amount to five billion dollars in normal years, better than three billions even in the famous financial lows of 1931. Passengers in automobiles were estimated to have ridden 332,000,000,000 miles in 1930—2,697 miles per capita.

Facilities along the routes he chose to travel changed magically too. Pioneers across almost trackless American prairies slept in lumbering Conestoga wagons under canvas cover, or on the ground under the stars. Guns got them their suppers.

April 28-May 1, 1919

Regulation in wake of readjustment! Chamber in Annual Meeting declares: "The very essence of civilization is that there be placed upon the individual only that degree of restraint which shall prevent his encroachment upon the rights of others."

May 10, 1919

After third and fourth sessions of transportation conference Chamber committee formulates policies, approved by membership, later embodied in Transportation Act of 1920.

June 19, 1919

Homer L. Ferguson, Newport News, elected president of the National Chamber.

October 17, 1919

International trade conference paves way for organization of International Chamber of Commerce in Paris the following year.

October 31, 1919

Chamber urges policy of a privately operated merchant marine.

April 27-29, 1920

"Suitable agricultural organizations" invited to join Chamber.

Joseph H. Defrees, of Chicago, elected president of the Chamber.

May 14, 1920

Chamber membership rejects recommendation for organization of Department of Public Works.

Moving populations must always have food, water, a way to sleep; and hotels in America were built first to accommodate travelers by road, whether afoot, in carriages or on horseback; then to accommodate travelers by train; and it was only when the hotel had settled itself more or less to prosperity presumably permanent, that the automobile came. People could ride in cars who could not afford to pay hotel prices—or, when driving was less dainty, refused to go into hotel lobbies covered with dust, oil, mud, amused stares.

Every wise tourist had a tent or cot in his car in 1912. As late as 1923, a party taking five leisurely weeks to cross the continent, found many "tourist camps"; but they were only vacant lots back of beyond, without conveniences, where it was permitted to park, cook, put up a tent,



The Panama Canal is completed. President Wilson pushed a button in Washington which blasted out the last obstruction. The waterway was opened to navigation August 15, 1914

so as not to clutter up more desirable scenery. But of the modern "tourist camp" with permanent cabins, running hot and cold water, private toilets, electric lights, nationally-advertised springs and mattresses, cosiness, comfort, informality, economy, they found no examples. In swift years that followed, that major change occurred. Hotels in silent dignity apart, at first did little about it. They had, in 1926, an average investment per room of \$3,300 in a total of 1,521,000 rooms. Annual sales per room averaged \$860.

Tourist cottages began to spring up everywhere. Some were shacks. But many were substantial, picturesque, cosy, complete; and the initial investment was usually much less than \$3,300 a room. In 1934 it was estimated that there were 30,000 tourist-cottage establishments, 10,000 of which had ten cottages or more. Total investment approximated perhaps \$250,000,000. Production of overnight facilities along the road, chiefly in this form, increased 50 per cent in the five years following 1929.

Change seethed. Tourist cottages grew towards hotel in convenience, hotels towards tourist cottages. No final type of accommodation was

achieved. The "park-hotel" type (drive in below, sleep above) was one big-city plan.

And while these changes were in the making, still another was racing over the country like a prairie fire. People were learning to haul their "hotels" with them. "Tin-can tourists" seeking economy, comfort, convenience, started the vogue.

The industry originated in barns, where ingenuity built contraptions crudely lumbering, clumsily ugly. It emerged, crashed even into the luxury field. Trailers in 1937 were being sold faster than they could be built, many of them insulated, air-conditioned, electric-lighted, with built-in refrigeration, cooking, sleeping, toilet facilities, folding furniture, radios, ranging in the low-price field from \$395 to \$700, in higher prices up to \$3,500 and even more.

"Within 20 years," enthusiasts were saying, "half the population will tour in trailers. Homes will no longer have foundations, will not be permanent on particular lots; they will have wheels—"

Business was beginning to see in trailers not only a new industry, but also a new convenient means for merchandising, a traveling tool for salesmen, enabling them to take awkward exhibitions easily everywhere, make sales, make immediate deliveries. Prophecy, knowing itself fallible, scarcely ventured even to guess what is beyond the mark—or short of it. Safe only, it seemed, to say that here, too, change whistled through the air—that business had not passed its last frontier.

In all this moving, space-belittling world, the man who did not own his own trailer or car but still wished to drop below far hills and see once more what lay beyond the horizon, discovered that he could ride in a bus for a price within his means—and another new industry begat itself, fumbled adventurously, found its way toward security and service. In 1936, intercity buses carried 475,000,000 revenue passengers.

Merchandise, of course, began moving long distances by truck. It was a heralded event when a motor truck traveled with a pay load from Akron to Boston. A business begun, by and large, by ambitious truck-drivers, soon grew out of its pants. Capital, like Government, often a

1920

Chamber policies, later embodied in Federal Water Power Act of 1920, interpreted by Board as opposing government operation of Muscle Shoals plant and advocating lease or sale.

1920

Merchant Marine Act effectuates policies advocated by Chamber.

June 9, 1920

Industrial relations again! Chamber declares: "Every person possesses the right to engage in any lawful business or occupation and to enter, individually or collectively, into any lawful contract of employment."



June 14, 1919, John Alcock and A. W. Brown flew from Newfoundland, landed like this in Ireland next day, completing first non-stop trans-Atlantic flight. They had dropped their landing gear at take-off to save weight and wind resistance

June 9, 1920

Chamber adopts principle governing "the number of hours in work day or week."

June 10, 1920

Federal Water Power Act passed—in substantial harmony with Chamber referendum recommendations.

July 24, 1920

Chamber, by referendum, advocates prohibition of strikes in public utilities and compulsory arbitration.

January 31, 1921

Chamber referendum urges repeal of excess profits taxes enacted for war conditions only.



Mysterious and ominous, the I. W. W. was greatly feared. Mass meetings like this one in Union Square, New York, caused much uneasiness

little late to take notice of the beginnings of risky enterprises, dug down at last and said:

"Here, take this cash. You've got something."

Legislatures soon said, "Here's a chance to tax."

Congress soon said, "Here's a chance to regulate."

Truck-drivers, a bit bewildered, but determined to blunder through to the vision they had seen, networked the country with connecting and inter-connecting lines. Many a hamlet for years marooned miles from any railroad with no reliable freight service, found itself not so far, after all, from the pulse-beat of the nation.

Railroads, laggard giants, smarting under multiplied restrictions, cursed, cautioned, controlled, chastened, found space-shrinking change coming their way, too. New materials, new methods. Alloy steels—Diesel electric locomotives—air conditioning—welded-steel construction—use of rubber as a noise insulator—high speed trucks and wheels—steel-sheathed, wooden-lined freight cars saving 3,500 pounds per car—new ideas.

For some years a traveler could have any berth he wanted, any time, on almost any passenger train. The all-time record number of rail passengers was 1,269,912,881 in 1920; it had fallen to 480,717,777 in 1932. But travelers in the early thirties began filling up trains again. They liked to ride, sleep, dine, drink, smoke on the air-conditioned passenger cars—8,078 of them at the beginning of 1937. They liked the novelty, speed, lightness, dazzling newness of the streamliners, the first of which (going into service on the Burlington in 1934) made the world's longest and fastest non-stop run by covering 1,015 miles between Denver and Chicago in 13 hours, 5 minutes. They liked to learn that freight trains might become vastly lighter, faster, less costly to operate, had increased their average speed in less than ten years from 11.5 to 14.8 miles an hour and might move freight even faster.

They liked to know that the rails, resolving that their job was trans-

portation interpreted in no narrow sense, had become operators of buses, trucks, were cooperating with air lines, were giving door-to-door freight delivery service; that they had worked out coordinated rail-truck service, loading truck bodies on railroad cars for the long haul; that they had cooperated with sea-train services, and were loading trains in, say, Wenatchee, and delivering the cars with seals unbroken, contents untouched, across the waters in, say, Havana, Cuba. They liked the idea of the great, friendly, comfortable railroad systems rehabilitating themselves, catching up, proving themselves anew, abreast of the front rank of advance.

And radio. What else so caused distances to shrink? Taft in 1912, Edward VIII in 1937. Radio was a triumph of science first. A triumph of business afterwards. Who had the vision, the daring, to suggest giving to every man, woman, child who has ears to hear and a very little cash, this simple yet infinitely intricate combination of processes, materials—tubes, wires, cabinets, microphones, nation-girdling cables, studios, artists, orchestras, politicians, educators, invisible waves—that opened doors of distance hitherto definitely closed, made the remote farmer aware of market prices hours sooner than his city brother knew them 20 years ago?—who, if not business men scenting a chance of profit? In 1920, from a roof-top in East Pittsburgh, the first broadcasting studio made its first broadcast; KDKA announced returns of the Harding-Cox election. Only a small handful of midnight-light-burning enthusiasts—radio “nuts”—had the equipment to hear it. Had it been left to popular vote, the poll would have been:

“An interesting novelty. Put millions into developing it? No!”

Business said “Yes!” A few business men, of vision.

In 1921, Station WJZ was opened at Newark, New Jersey. WGY and WEAJ went on the air in 1922. WEAJ made history by offering its facilities to advertisers. Daily broadcasts of major league baseball games began in 1924. The fans liked it.

William L. Veeck, then president of the Cubs, declared that broadcasting had resulted in at least a 40 per cent increase in attendance at home games. The first chain, NBC, came in 1926; the second, CBS, in 1927; and in the latter year, the Federal Radio Commission. In 1930, declared the Bureau of the Census, 40.3 per cent of the 29,980,000 families in the United States owned receiving sets. And that was a beginning.

Did the men who had the vision, profit? Some did. Did the world profit? Approximately 8,000,000 receiving sets were sold in the United States in 1936; is that an answer?

Swiftly transportation and communication transformed the world, bringing far places nearer, making the acceptance of strange ideas speedier. Swiftly, because business pushed, pushed, pushed . . .

April 26-29, 1921

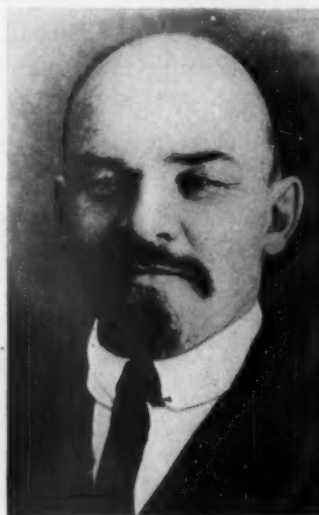
Business and Government: “This Chamber believes that the relation of government to industry and commerce is primarily that of preserving equality of opportunity for all.”

June 10, 1921

Congress passes law creating national budget system.

January 21, 1922

Chamber urges protection of enterprise important to any part of country against destructive competition from abroad. Congress enacts flexible tariff law September 21, 1922.



Revolution-torn Russia turned to Bolshevism and Lenin in 1917

April, 1922

Chamber promotes settlement of coal strike and shares in effort to facilitate distribution of coal and control prices to prevent government action to that end.

May 16, 1922

Cornerstone of new Chamber building in Washington laid.

May 16-18, 1922

Annual Meeting discusses floods, reparations, war claims. Commends budget law—passed after ten years of effort. "The enactment causes us great satisfaction."

Julius H. Barnes, of Duluth, elected president of the Chamber.

1920-1923

AND THE YEARS WERE MARCHING. Harding, Cox, the front-porch campaign. "Back to normalcy." The Washington Conference on Limitation of Armaments. The Prohibition Amendment in effect. Tomb of the Unknown Soldier. Packer and Stockyards Act. White Sox into "Black Sox." Judge Kenesaw Mountain Landis, ruler of baseball. King Tut-Ankh-Amen. Will Hays made movie "czar." Teapot Dome. "Black Shirts" in Italy, Benito Mussolini. Agricultural deflation. Mah Jong. Immigration quotas. Fordney-McCumber Tariff. The "Shenandoah" christened. Bobbed hair, and women smoking in public. Bathing-beauty contests, beauty shops, flappers, speakeasies and hip flasks, the portentous problem of the Younger Generation. Refueling airplanes in midair. Ku Klux Klan. Increase in instalment buying. Ethyl gas. "Main Street" and "Babbitt".

Farms Remade

FROM DELAWARE COUNTY, OHIO, IN THE DEAD OF WINTER, 1936-7, a farmer took time to write a letter listing appurtenances of a modern farm home—his own. He mentioned a hot-air furnace, stoker-fed, thermostatically-controlled, the air circulated by an electrically-driven fan—storm doors, double windows, insulating material over the second floor ceilings—water, hot and cold, hard and soft, on both floors, under pressure—a special wash room for the men coming in from the barn, closets for their work clothes—an electric refrigerator big enough to hold 200 pounds of meat, a score of other items—an electric stove, churn, sweeper, iron, heating pad—electric lights everywhere—telephone—radio—magazines—a library of several hundred books.

"That farm is considered a production plant," he wrote. "Anyone can employ the same methods."

In 1937, many did; and such homes were a fair and rapidly increasing percentage of the total. In 1912, farm homes with those conveniences



The Limitation of Armaments Conference met in Washington Nov. 11, 1921-Feb. 6, 1922. Secretary of State Hughes presided. The 5-5-3 Agreement was signed

BROWN BROS.



People drove miles to hear Warren G. Harding's "front porch" campaign for the presidency. First election returns ever broadcast told of his victory

and comforts were impossible. As a business and as a customer of industry, farming changed wonderfully in these swift years. The farm problem, farmers' woes, were often shouted to high heaven. Yet many and many a farmer, keeping abreast of progress, marching with the years, had no complaints, grew well-to-do. ("We have farmers whose incomes are easily comparable with the salaries paid the executives of leading industrial corporations, and I am speaking now of men who are paid from \$50,000 to \$100,000 a year. Actual figures are not available, but I venture investigation would show the percentage of farmers earning \$5,000 a year or better is substantially higher than the percentage of industrial workers earning \$5,000 or better."—L. F. Livingston, president, American Society of Agricultural Engineers.)

To the farm, business brought change; and farming, itself a business, shared in the bringing of change. A smoldering city editor on August 17, 1912, reading Census returns just released, discovering that the value of farm crops in ten years had increased 83.3 per cent, that the crop acreage in those years had increased only 9.9 per cent, that the country's population had increased 21 per cent, could and did write with more than a shadow of truth:

"If the greater aggregate value . . . was the result of more efficient methods . . . the farmer might be regarded as having come legitimately

May 22, 1922

Chamber in annual meeting advocates adherence to Court of International Justice as means of promoting peaceful settlement of international disputes.

February 9, 1923

Chamber declares against federal department of education and federal aid for common school education.

May 8-10, 1923

Chamber favors new "flying" industry: "Aviation has demonstrated great possibilities.—Should receive prompt and sustained encouragement."



KEYSTONE

Dramatics and showmanship enlivened the fight for prohibition. Morgan Memorial sent out this truck. Nation went officially dry June 30, 1919



KEYSTONE

But, wait, what's this? Behind speakeasy doors the initiate can still find a drink of something called liquor at a price

The boys posed taking their "last drink together" on the night before the bone-dry era began



PICTURES, INC.

Some men found the public thirst an opportunity for wealth. Of these Al Capone was the most publicized



KEYSTONE

Deputy Police Commissioner John A. Leach pours \$50,000 worth of liquor down the New York sewers as the country turns over a new leaf

by his enhanced profits. As it is, he has had to do nothing but sit still, take things contentedly, rake in the money."

Not so in following years.

The farmer in 1912 had a hired hand and his boys to help him, plenty of horses, a limited number of tools. Tractors were known; a few enthusiasts predicted a farm future for them. But less than 10,000 had been manufactured. They weighed 500-odd pounds per rated belt horsepower, were costly, inefficient for average farm use. They couldn't be used enough to pay. Revolution, however, was brewing. The tool



In spite of peep holes, steel doors and other precautions, dry agents (remember Izzy and Moe) frequently got into the speakeasies. Scenes like this followed

basically responsible for change proved to be the tractor. But—the tractor itself first had to change.

In 1923, came the row-crop tractor. Earlier tractors could do only one or two things well: pull some implement behind, as a horse would pull it; do stationary work, by means of a belt. Row-crop tractors, less costly, weighing barely 200 pounds per rated belt horsepower, improving continually in engine refinement, fuel economy, operating convenience, could do practically any power job done by horses. The row-crop tractor was far and away the greatest farm power improvement since Adam delved.

Early tractors ran on wheels of steel, with lugs to give traction. Rubber-tire men presently said, "Why not rubber?" Many farmers hooted, predicted failure. But research men experimented, said "Yes!" And the rubber tire came to tractors, gave it new jobs, put it on highways as well as in fields, made it a multi-use power source. A farmer, unhitching his rubber-tired tractor from the cultivator, found he could hitch it to a rubber-tired wagon, could haul a load of hogs to town at a rate of speed not greatly less than he made in his automobile. A great number of other farm tools began to go on rubber.

In part, of course, automobiles prepared the way for tractors. Men

May 8, 1923

Secretary of Commerce Herbert Hoover, tells Annual Meeting: "During the past few weeks there has been a distinct note of caution at our rapid industrial recovery. Caution is the greatest safeguard to our continued prosperity."

June 10, 1923

Organization of trade associations urged to deal with industrial problems.

August, 1923

Chamber sets up agricultural bureau, later a department, in view of increasing attention given to agricultural conditions.

1923

With nine other national organizations Chamber participates in conference with Department of Commerce and state officials to promote safety on highways and streets. This resulted in preparation of model statutes and regulations adopted by many states.

October 3, 1923

Chamber membership endorses forestry policy "for protection of headwaters of navigable streams" and for conservation.

1923-1924

Second Transportation Conference called by Chamber advocates comprehensive transportation policy—rail, highway, water, air. Proposes store door delivery, railroad consolidation.

knew how to manage tractor motors because they had tinkered with engines in their cars. Tractors on farms in 1920 numbered 246,083; in 1930, 920,021; on April 1, 1936, by estimate, 1,248,337; and the intervening year has probably seen more farm mechanization than any similar period, due in part to WPA jobs that drew thousands of farm laborers away from farms to better pay, shorter hours.

As the number of tractors increased, the number of horses and mules on farms diminished: from 25,817,000 in 1920, to 19,124,000 in 1930, to 16,322,000 in 1936. The number of power-drawn tools vastly increased. The farmer of 1912 would hardly have known their names or uses, but the farmer of 1937 knew very well what to do with two- and four-row cultivators with power lifts, field ensilage harvesters, two- and four-row corn planters, power plows and tandem discs, fertilizer drills, one-man combines, rotary hoes, windrow pick-up presses and side-delivery rakes, potato diggers, corn pickers, electric incubators and brooders, power milking-machines and milking parlors, one-wire electrified fences.

One tractor manufacturer is already building 25 separate machines to be mounted on one of his all-purpose tractors. That's not counting machines pulled behind the tractor. The latter-day farmer convinced himself that he might work 93 days a year to feed and care for eight horses that worked 88½ days a year for him—that he could raise 72 acres of corn in 386 total hours with a tractor, 56 acres in 800 hours with



BROWN BROS.



BROWN BROS.

After the "Black Sox" scandal of 1919, baseball cleaned house, named Judge Kenesaw M. Landis "czar" of the sport



KEYSTONE

Even the national pastime changed as fans hailed new heroes. Cobb, the daring base runner, gave way to Ruth, the slugger, who brought a new technique and strategy



Interest in ancient Egypt was revived in November, 1922, when Lord Carnarvon and Howard Carter opened Tutankhamen's tomb. Lord Carnarvon's death soon afterwards evoked arguments verging on the supernatural regarding power of Egyptian curses

horses—that he could grow an acre of cotton with one mule for \$11.53, with a tractor for \$2.91—that when he plowed ten acres as quickly as he used to plow ten rounds, he could enlarge the size of his farm and at the same time release labor that industry (coming back to its old strength after depression) began to realize it would urgently need; and though he did all this, production on farms was still ample and more than ample for the food needs of a nation that in 1820 required 83.1 per cent of all its gainfully employed to operate its agricultural plant; in 1930 required only 21.5 per cent. This modern farmer was cocking an interested ear in the direction of chemists who were saying:

“In our test tubes and laboratories we can perhaps create new markets for much that you raise.”

More and more farms were being electrified, were using piped water, radios, plumbing, telephones. Less and less grew the differences in comforts and conveniences between city and farm homes. The farmer as a business man, with or without the aid of politically-minded economists, keeping a level head in spite of plow-under follies and certain subsidy absurdities, sure of the long-time soundness of his economic position in spite of temporary maladjustments, was doing a better farming job, saw ways ahead to do far better still. The farmer as a consumer, as a buyer of the products of industry and the services of business, was developing into a better prospect, promised to become better still.

Electricity

FOR MANY OF THE THINGS THAT MADE LIFE EASIER FOR HIM, the farmer thanked electricity. City man too. Swiftly in these tremendous years, electricity proved itself in new ways. Prophecy, a perennial, thrived of course in 1912. Then, as always, the dream crop was fine. And prophets were fully as fallible then as now. Nobody could know which

May 6-8, 1924

More of the farm problem: “We pledge the Chamber of Commerce of the United States to support other measures which are calculated to enable branches of agriculture which are distressed to improve their opportunity for the success which each field of American activity wishes for others.”

May 8, 1924

Chamber in annual meeting declares opposition to every attempt to deprive the Supreme Court of its function to determine the validity of congressional action threatening the rights of persons or property guaranteed by the Constitution, or any effort to require constitutional decisions by more than a majority.

1924

National Forestry Act passed in general agreement with Chamber recommendations.

July 1, 1924

Richard F. Grant, of Cleveland, elected president of Chamber.

January 14-15, 1925

Distribution conference organized by Chamber and committees appointed to consider various distribution problems.

dreams would germinate, grow. Perfections afar were easier to see than imperfections near. Visitors to that year's Electrical Exposition came away with a glow in their eyes over the idea of stimulating plant growth with artificial rain—"the water itself being electrically charged." Nicola Tesla thrilled wonder-hunters by declaring that electrical energy could be transmitted by wireless and saying it was reasonable to assume that power generated at the falls of the Zambesi in the heart of Africa might invisibly be sped through space to run New York's subway trains. In the meantime, as we have seen, it was hard to buy an automobile with an electric starter!

Electricity, with triumphs to win in the coming quarter-century, did



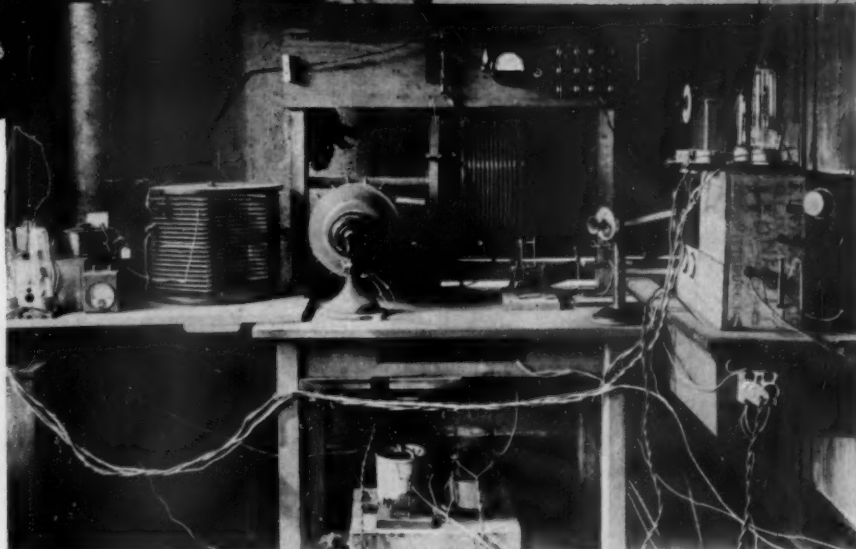
Will Hays, chosen to keep the movies' house in order, is greeted by Los Angeles business men, shakes hand of Mayor Cryer, former Chamber of Commerce president

as much, perhaps, as any single force to change the world. Its triumphs, too, were *won*. Came first the hard work of research, tireless delving. Came next the hard work of business, bringing to people who did not know what they wanted (when it was something new), things they soon insisted they could not do without. Consumers bought 794,640 ice boxes in 1911-12, and continued to buy more every year for a dozen years; in 1925-26, the ice men had 1,290,360 new ice refrigerators to be delivering ice to. In that year, 1925, only 75,000 *electric* refrigerators were sold; and with reason, for the average price of an electric refrigerator then was \$425. In 1931, so swiftly did the situation change, people were buying 948,676 electric refrigerators and paying an average price of \$258. In 1936 they bought 2,037,746 electric refrigerators, at an average price of \$164. And it was all only a beginning. The industry remembered that 12,000,000-odd homes in the United States, wired for electricity, still did not possess electric refrigerators. The ice industry, reluctant to consider itself dead, resolved to fight for a place in the sun again. Gas refrigerators went into more and more homes. Each business under free competition was proving what it could do.

To household consumers, electricity's triumphs meant an easier, more convenient way of living, more useful gadgets operated by touching a switch: ranges, dishwashers, radios, food mixers, toasters, vacuum clean-



CULVER SERVICE
Radio stirs feebly into life via the crystal set and the antennae on the roof. Quality of programs was unimportant. The idea was to hear something



BROWN EOS.
Pioneers as far west as Iowa boasted when they "got Pittsburgh." Here is where the early programs originated, basement of Dr. Frank Conrad's home



CULVER SERVICE
Dr. Daniel M. Marsh, one of the broadcasting pioneers, steps before the primitive microphone to hold church service from KDKA



BROWN EOS.
Station KDKA as it looked November 2, 1920, when it established a precedent by broadcasting the Harding-Cox election returns

1924-1928

YEARS MARCHED. BANDWAGON YEARS. in the gorgeous, hectic, slightly mad middle twenties, when the first round-the-world airplane flight was made, and the North Pole was reached by air. The decade of Lindbergh—"The Spirit of St. Louis"—"We". Florida's dizzy real estate boom. Atomic hydrogen welding. Cross-word puzzles. The Leopold-Loeb case. Television demonstrated. Talking pictures. Dry ice. Rudolph Valentino. The Dempsey-Tunney battles, one with a \$2,600,000 gate. Harold E. ("Red") Grange. Aerial photography. Knee-length skirts. The Scopes case. Coolidge prosperity, Coolidge stories, "I do not choose to run." Ultra-violet irradiated foods. The "Graf Zeppelin". The autogiro. Great bull market. Al Smith and the brown derby. "Success" stories in magazines. Bootlegging, Al Capone, gang wars, sawed-off shotguns, "pineapples," racketeers. Sacco and Vanzetti. Herbert Hoover.

From Maker to User

WAYS OF SELLING CHANGED VASTLY DURING THE QUARTER-CENTURY. A big word, distribution, came into common use. Many were affected by changes. Retail grocers in 1912 were worried about dirty stores, short weights, chain stores and mail-order houses, high delivery costs, credit difficulties, the part people said they played in raising the cost of living.

Patrons of grocery stores were beginning to object to flies, uncovered boxes and barrels of food on the floor, cats on shelves, horse-blankets, cheating scales.

Not too many foods were packaged, branded with standard names, nationally advertised. Grocers more or less willingly supported the first Canned Goods Week, March 31 to April 6, designed to drive

May, 1925

Chamber supports legislation to increase salaries of all federal judges. Legislation was enacted in 1926.

June 4, 1925

Enlarged powers for national banks, including limited permission to have branches and indeterminate charters advocated in Chamber referendum.

June 5, 1925

Chamber recommends that inheritance taxes should be left to states and urges coordination of federal and state taxes.



Beauty contests added a new and aesthetic touch to American life early in the 1920's. Here are a few of the contestants at Atlantic City in 1923

away "mists of ignorance and prejudice" against such foods. In those days Mrs. Smith, shopping, often looked at live chickens in a crate on the sidewalk, pointed, said:

"I'll take that one."

1925

The fire-waste contest among cities competing as to measures of fire prevention and reduction of fire loss established. Continued since on annual basis.

1925

Informal meeting of representatives of shipping interests, importers and exporters leads to referendum committing Chamber to advocate important changes in government policies.

December, 1925

Chamber begins activities to obtain settlement of war debts without further delay. The Senate ratified the five pending agreements in the spring of 1926.



An unknown mail pilot took off from Mineola in an early morning fog, May 20, 1927. Thirty-three hours later he landed in Paris, the most famous man alive. Photo shows actual take-off

The bird was taken from its crate and its squawking neck was perhaps wrung before her eyes.

So retail grocers. Business men were learning, defining, delimiting this new word distribution (this art of selling the thing made). Cost-of-distribution studies prefaced progress. Packaging as a finer art practiced its a-b-c's. Cans were early packages. Jokes were bandied. ("Is she a good cook?" "You bet; she's got a can opener!") But the National Canners Association led a difficult, eventually appreciated and rewarded, trend, pioneered in scientific research undertaken by an association for an entire industry, established a research laboratory at Washington, D. C., in 1913, others later at Seattle, San Francisco, and temporarily at San Pedro, California, Eastport, Maine. Heat penetration was studied—processing times and temperatures—the thermal death points of spoilage organisms—varieties of fruits and vegetables best for canning—nutritive values, diversified and adequate diets—the putting of fruit juices, dog foods, baby foods into cans. Backed was the McNary-Mapes amendment to the Food and Drugs Act to raise minimum standards and improve labeling practices. Encouraged were better sanitary conditions, working conditions.

Nearly everything in foods soon went into packages. Mrs. Smith even bought her chicken in a tin, ready-cooked, needing only to be heated and eaten. The package, whether a can, cardboard box, or Cellophane wrapper, became a guarantee of weight, quality, cleanliness, good

condition of the article bought. With color and a label, it became a merchandising aid. Packaging became a distinct industry. As late as 1920, few except large producers could afford automatic packaging machinery; but it came to pass shortly that few producers, even small ones, could stay in business without such machinery.

Refrigeration, a process akin to packaging, won its early triumphs in meat distribution. Refrigerated motor trucks widened the triumphs. The time arrived when meats were rarely out of controlled temperatures for more than a few minutes from the time of killing to time of use, through packing plant, storage warehouse, trains, trucks, retail stores, home refrigerators. New triumphs in preserving fresh fruits, fish, vegetables indefinitely, without canning, came with use of dry ice.

Foods were but one line. Trends of change ran through all merchandising. The new *mass* idea blindingly grew.

Advertising kept eager pace in aid of it, and as a distribution tool. Sometimes it was used wildly, hectically, hugely, even in 1912. Especially then. "New makers," wrote a friendly shrewd critic of the mushroom automobile industry of that day, "have been known to employ advertising men before having engaged an engineer." Business men in these 25 years were learning what advertising and promotion could and could not do, should and should not try to do. It was often hard learning. Some ideas were phantasmagoric. Results of such ideas usually were in keeping. But advertising, wisely used, made steady, huge progress and, by helping to overcome the natural lethargy that

February, 1926

Committee on Trade Relations aids in development of trade practice procedure of Federal Trade Commission and cooperates with Commission in promoting trade practice conferences by industries in interstate commerce.

April 26, 1926

After conferences on merchant marine, Chamber advocates important changes in government policies.

May 10-13, 1926

New problems. Fourteenth Annual Meeting discusses crime, Russia, radio, highway safety.

May, 1926

Bureau of Aeronautics established in Commerce Department as advocated by Chamber.



WIDE WORLD

New York's tumultuous welcome to Lindbergh was duplicated elsewhere when he toured the nation by air. The cause of aviation was perceptibly advanced

May 3-5, 1927

Floods again. Chamber organizes Flood Credit Corporation to aid stricken states along lower Mississippi. Taxes: "A proper fiscal policy requires that federal revenues and expenditures should substantially balance."

Lewis E. Pierson, of New York, elected president of Chamber.

1927

Radio Act follows principles formulated by Chamber.

December 15, 1927

Chamber advocates that federal Government pay entire cost of flood control measures on lower Mississippi. Legislation largely corresponding to these proposals was enacted May 15, 1928.

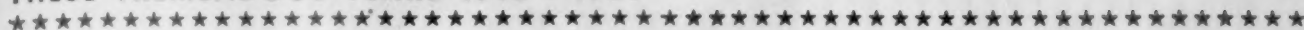
shuns what is new or unknown, by widening markets, brought lower prices and new abundance into average homes (difficult idea, that, causing gorging in some gullets!). Enormous in its possibilities was this idea that the creation of new demands is one of the very great social functions of business, essential to material progress. It became clear that research might create—that factories might endlessly produce—but that invention and development do not take themselves to users. They must be sold, sold, sold. "Demand creation," it came to be seen, was not quite the term after all; sounder was the phrase, "the awakening of unknown desires." As the vitality of this became evident, advertising was taking unto itself improved tools: color printing, photography, neon signs and multiple uses of electricity, radio, motion pictures, better-trained minds in agency offices.

Organization in distribution changed. "Storekeeper" had nearly always signified a man of small means doing a small business. Automatic vending, self-serve stores, instalment selling, consumer cooperatives, increased. Chain stores, bitterly opposed, proved a catharsis for much constipating inefficiency and unprogressiveness in earlier stores. Doing a negligible share of the total volume of retail business in 1900, by 1921 the chains did perhaps four per cent; by 1923, six per cent; by 1926, eight per cent; by 1927, 12 per cent; by 1930, 20 or more per cent. The end of change is not yet. Chain stores stung independents to improve buying, service, salesmanship. Independent stores in the grocery field from 1929 to 1935 were on the increase again, going from 56.3 per cent to 60.6 per cent of the total. Filling stations, retail stores in a special sense ("Filling station men have improved the manners and courtesy of the American public more than all the colleges in the country." —Dr. Robert A. Millikan.), were being returned largely from large-company to individual ownership.



J. T. Scopes taught Darwin's theory of evolution in Dayton, Tenn., schools in 1925, was charged with breaking state law prohibiting teaching any theory denying divine creation of man. Clarence Darrow (left) defended him. W. J. Bryan (right) aided prosecution. Scopes was fined \$100

WIDE WORLD



PICTURES, INC.

The Graf Zeppelin takes off from Germany in 1928 with 20 passengers bound for America—trans-Atlantic passenger service moved a step nearer

In 1937, the average consumer in American stores found himself getting clean goods, of standard quality and weight, in attractive packages, for the most part at standard prices. That was revolutionary progress. . . .

Side-channels and Tributaries

CONTRIBUTING TO THE MAIN STREAM in this quarter-century were countless tributaries and side-channels of business progress. Sports industries became big business. Building construction, especially for homes, was getting set for revolution, did not know quite which way to jump. Research and business brought new medicines and surgical aids; anaesthetics more potent, less harmful; foods irradiated and vitamin-controlled. Books, magazines, newspapers increased amazingly in numbers and quality; paper itself underwent vast changes. Rubber products grew in numbers, vastly improved in quality. Aluminum and aluminum alloys shared many difficult but desirable honors with steel. Came sound-control materials; new business machines; women in industry.

Banking changed. The American Bankers Association in annual session at Detroit, September, 1912, heard a representative of the National Monetary Commission chide about "bank panics that have disgraced us in the past and from which all other great commercial nations have been exempt for practically half a century"; heard him declare, "The business world is tired of political make-shifts and temporary measures"; pondered his "three fundamental defects" in the country's monetary system—"unscientific treatment of our cash reserves, the rigidity of our entire credit system and the lack of effective cooperation between our banks."

May 8-11, 1928

Chamber affirms faith in three separate divisions of government: "Any effort by the legislative branch to usurp or limit the functions of the judiciary must result in disaster."

Chamber lays basis for first Census of Distribution.

William Butterworth, of Moline, Ill., elected president of Chamber.

"I have been greatly pleased to observe the many evidences which come here indicating that the attitude of the Chamber very accurately reflects that of public opinion generally."
—CALVIN COOLIDGE, President of the United States.

August 31, 1928

Membership approves by referendum agricultural policy recommendations: tariff protection for farm crops, cooperative marketing, a federal farm board to consider agricultural problems.

The night club bloomed and Texas Guinan, ex-star of western movies, brought it to its finest flower. Her greeting, "Hello, sucker"



The public laughed and cried with Charlie Chaplin and Jackie Coogan in "The Kid," in 1921



From vaudeville came Will Rogers to become America's best loved humorist



CULVER SERVICE



CULVER SERVICE

"Abie's Irish Rose," panned by critics, almost closed, hung on to set an unbelievable record for theatrical longevity. Here are original principals



KEYSTONE

Freeman F. Gosden-Charles J. Correll, radio comics, changed act from "Sam n' Henry" to "Amos n' Andy" in 1927, became a national institution

On December 23, 1913, after much business doubt and debate, Congress passed the Federal Reserve Act—inaugurated a new banking era—ironed out many financial wrinkles—did not solve for all time all financial problems.

Came in these 25 years a rush to bank mergers. Hugeness commended itself. Billion-dollar banks appeared. Stressful periods, notably 1920-1, were encountered. War made the American on the street a bond buyer, and in the '20's, business largely began turning to him as a supplier of capital funds. Many businesses relied more and more on this source, even for current capital, less on bank loans. In 1923 more than half of all commercial bank loans and investments were in the self-liquidating paper of industry and commerce; in 1929, but 39 per cent; in 1935, but 21 per cent. By the latter year there had been an enormous increase in the percentage of collateral and real estate loans, a relative loss in liquidity and earning power through huge investments in securities of the federal Government.

Other phases of banking changed. Savings banks saw popular savings increase from less than eight billions to more than 28 billions, depositors increase from 16 million to 52 million. Profoundly shaken in public esteem by unprecedented bank failures in 1932, they largely availed themselves of the much-debated, but confidence-restoring Federal Guarantee of Deposits Act. Trust companies, from being perfunctory performers of routine services, expanded, accepted living trusts, a hundred and one new fiduciary tasks. In 1923 trust companies

November, 1928

Chamber appoints special committee to propose ways for reorganization of federal agencies, to proceed with development and application of policies to which Chamber was already committed.

January 9, 1929

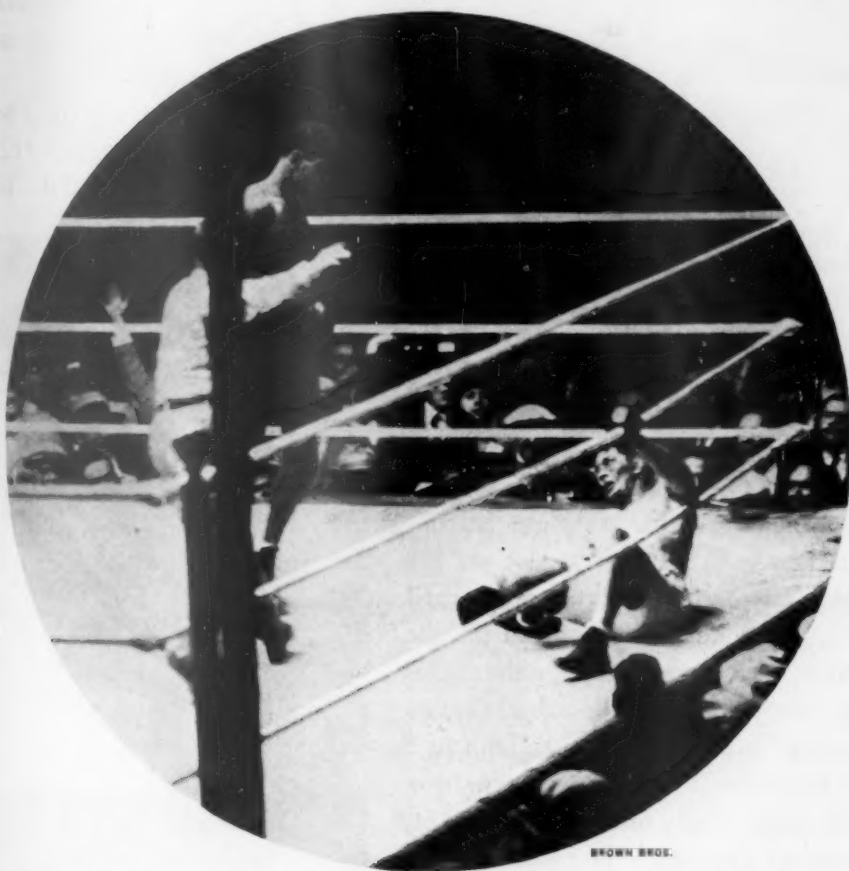
Highways! Fundamentals of a national highway policy laid by Chamber as a pattern for legislation largely followed later.

April 30-May 3, 1929

Annual Meeting sounds warning that "the capacity of the country quickly to absorb new security issues should be carefully weighed."

1929

Chamber supports ratification by the United States of international convention for abolition of import and export restrictions of an administrative kind.



Gene Tunney-Jack Dempsey met for the second time in Chicago, 1927. Seventh round knock-down started argument not yet ended. Gate receipts were \$2,650,000, largest before or since

December 5, 1929

Executive committee of business leaders organized at President's request to consider means of minimizing effects of stock market recessions holds first meeting.

January 10, 1930

Membership supports Federal Reserve System. Declares against congressional tinkering with credit policies and price maintenance.

April 29-May 30, 1930

Chamber passes eighteenth milestone. Depression! Membership approves work of Business Survey Conference in mobilizing business to deal with effects of depression. Condemned projects contemplating use by government of public funds in competition with private business.

"I do believe that our experience shows that we can produce helpful and wholesome effects in our economic system by voluntary cooperation through great associations representative of business, industry, labor and agriculture."—PRESIDENT HERBERT HOOVER to Annual Meeting.



Red Grange, the Galloping Ghost, capitalized football ability, gave professional game a boost

were named as executors or trustees in 5,899 wills; in 1929, in 36,193 wills; in 1930, in 48,812 wills.

In the kaleidoscope of these swift years, the principal of the public debt, a cosy billion or so and going down in 1912, spectacularly leaped to 25 billions by 1919. Reduced itself by bits to 16 billions in 1931. Swung to new undreamed-of heights beyond 33 billions in 1936: \$12.48 per person in 1912 —\$264.06 per person in

1936. Government in the '30's more and more continued the trend to enter actively into enterprises hitherto considered the field for private business. Local governments, outfielders in the national baseball game, became suddenly strong-armed, tossed local burdens all the way to home plate—Washington. Cash costs of Government rose sensationally. A major query of legislators was, "What else can we tax?" People became familiar early in the quarter-century with income taxes, later with estate, excess profits, capital stock, gift, various excise and sales taxes. Total federal and state taxes on gasoline averaged less than one-tenth of a cent in 1920, averaged 5.2 cents in 1934, threatened to swallow up progressive price reductions due to improved production and distribution.

Attitudes toward business and business men fantastically altered. The head of a great corporation was likely to be considered an ogre in 1912, growling over his money bags at all who came close—as few dared do. In the middle twenties he became a superman, a Horatio Alger hero come to life; turn the faucet, and he spouted wisdom on any subject, particularly "Success." After 1929, he was suddenly everybody's favorite whipping boy.

Speculation took chameleon forms. Twenty-five years ago, security and commodity exchanges were patronized by a handful, were not yet the play pit of the multitude. On April 13, 1912, there were listed on the New York Stock Exchange the shares of just 59 active railroad stocks, 86 active "industrial and miscellaneous." It was in the 'Twenties that the man on the street really entered the market, boomed it up, made fantastic fortunes on paper (thanks to rising markets, a shoestring, blind luck), and the list of daily active shares on the big board al-



Rudolph Valentino, unrivalled movie idol, died in 1926. Hysterical women rioted at his bier

most outgrew a newspaper page. Florida real estate found itself front-page copy in the early '20's. A poor woman (sample of many true fairy tales) paid \$25 for a Miami lot, sold it for \$150,000. A bank vice president, waving a lyric pen ("the whispering breeze springs fresh from the lap of the Caribbean and woos with elusive cadence like unto a mother's lullaby") saw bank clearings in Miami march to \$1,066,528,000 in 1925, drop to \$143,364,000 in 1928. After the stock market crash, in the trough of depression, many blackly felt that the way to "get it quick" lay in dividing it up and passing it around: share-the-wealth schemes flowered, lured millions into wishful thinking, faded.

Invention did not diminish. Far from it. New things crowded into the busy scene: cotton fabric as a road membrane for bituminous surfaced earth-type roads—lastex, the rubber textile—television, ready to burst into life when a little more sure of itself—pre-fabricated homes



Frederick A. Permenter, shoe factory paymaster, was robbed and killed in Massachusetts. Bartolomeo Vanzetti and Nicola Sacco, alleged anarchists, were charged with his murder. After a seven year legal fight attracting national attention, they were executed in 1927

in vast variety, trying to find themselves—glass that could be seen through in only one direction—rubber as a paint base—Diesel engines of lighter weights, for new uses. The motion picture industry was swept by searing yet life-giving winds of inventive change. On the evening of August 6, 1926, Movie Master Will H. Hays went to the Warner Theater at the corner of Broadway and 52nd Street, New York City. John Barrymore was presented in *Don Juan*. There was a preliminary "short." Hays saw himself pictured, heard his picture speak to the audience, heard it say:

"No story ever written for the screen is as dramatic as the story of the screen itself. Tonight marks another step in that story. Far indeed have we advanced. . . ."

In the darkened auditorium, Hays pinched himself, muttered:

"A new miracle has been wrought and I have had a part in it."

That was the initial presentation of the Vitaphone: sound synchronized with motion pictures. Not until a year later, October 6, 1927, with the presentation of Al Jolson in *The Jazz Singer*, did the phenom-

September 3, 1930

Chamber members approve commodity exchange trading and dealing in futures.

November 7, 1930

Water power problem. The Chamber declares for private development under proper regulation by states! "Federal government should leave construction of dams and generation of power to other agencies."

April 29-May 1, 1931

Opposition to government "engaging in any and all forms of business enterprise" in competition with its citizens reiterated. Cooperative action between business and Federal Trade Commission to bring about better business standards urged. "Deflation" of government proposed.

Silas H. Strawn, of Chicago, elected president of Chamber.

December 14, 1931

Chamber referendum advocates modification of anti-trust laws to make clear the legality of agreements, under government supervision, for keeping production related to consumption.

February 19, 1932

Budget balancing! Membership votes: "Immediate steps should be taken to produce a balance of expenditures and revenues by the fiscal year ending June 30, 1934."

May 17-20, 1932

Twentieth Annual Meeting, in the trough of depression. Chamber warns against mounting public expenditures—state and federal. Calls for balanced budget. Declares "Agriculture must be made more generally and dependably prosperous."

enal rush to sound pictures begin. But on May 25, 1927, the world saw *and heard* in a Movietone newsreel, the take-off of Colonel Charles A. Lindbergh on the New York-to-Paris flight: heard the roar of the motor, greetings and farewells, sighs.

The immediate effect of sound was to increase attendance at motion pictures by millions. At the time of the *Don Juan* première only two or three theaters in the world were equipped for sound pictures. On January 1, 1937, barely ten years later, there were 18,818 motion-picture theaters in the United States, and only 903 of them were *not* equipped for sound. And by then still another new process, color photography, was being used increasingly for full-length feature pictures.

1929-1932

YEARS MARCHED. Came fresh shifts in time's kaleidoscope. Byrd to the South Pole by air. The Empire State Building. First air-cooled railway passenger cars. 44,000,000 touring motorists, spending \$4,000,000,000 in 1929. Picard stratosphere flights. The George Washington Bridge. Mahatma Gandhi. Amos 'n' Andy. Moratorium on war debts. Stock market crash. "Prosperity," said hope, "just around the corner." The miniature golf craze. Great Britain off the gold standard. Death of Edison. Reconstruction Finance Corporation. Five-day week. S. S. Normandie launched. Unemployment. Photoelectric cell. Windowless factories. Natural-color photographs. Make-work plans. Post and Catty. The Lindbergh kidnapping case. "G" men.

Disciplines

SLOWLY IN ALL THESE YEARS, BUT SURELY, industry, business, more and more disciplined itself, learning the steps less by theory, more by experience, convincing itself of the hard need for salutary disciplines. Business men began to talk more, think more, about their responsibilities. Not only about their rights. Railroads led safety programs. As early as 1906 Judge Elbert H. Gary warned United States Steel Corporation subsidiaries to "make every effort practicable" to prevent accidents and injuries. . . . "Expenditures necessary for such purposes will be authorized." In 1912, month of May, at a meeting of the National Association of Manufacturers in New York, members heard about accident-prevention devices, saw some of them in motion pictures. Five months later a group interested in safety met in Milwaukee, discussed, went home enthused. The following year, the National Safety Council came into being, to spread safety ideas and methods. Companies inaugurated private accident-prevention campaigns. Safety guards were invented for dangerous machines. "Safety first" became a familiar sign along factory aisles. House organs, bulletin boards, word-of-mouth carried news of departments, plants, individuals doing well with safety. In 1937 the National Safety Council estimated that there had been 265,000 less occupational deaths since 1913 than there would have been had the 1913 rate continued.

Other disciplines were self-imposed. In November, 1912, the American Telephone and Telegraph Company quietly arranged a plan for sick benefits, life insurance, pensions for employees. The fund was to

be \$10,000,000. Commented one editor: "Calls attention anew to the steps of progress towards 'social justice' . . . by the denounced great corporations." In March, 1937, President Walter Gifford reported 7,765 retired employees on these pension rolls. In August, 1916, Swift and Company inaugurated non-contributory pensions; in January, 1937, G. F. Swift, president, reported that 3,104 were on the pension rolls—at the same time reminded of other security and benefit plans in use by the company for from 11 to 50 years, including guarantee of a minimum number of working hours per week, sickness, accident and death benefits, group life insurance. These were but straws in a general wind, blowing quietly, without ostentation. Hundreds of others had done, would do, much the same. The Government, treading late where business pioneered, inaugurated Social Security in headlines.

Management began to look more ways than one: not toward capital alone. Business itself, once owned and operated autocratically by individuals or small groups, came to be considerably socialized through the scattering of shares into the hands of many, including employees, customers, women, the young, institutions of trust. American Telephone and Telegraph on December 31, 1936, had 640,991 stockholders. Nearly half were women. The average number of shares held was 29. Nobody owned as much as one per cent of the outstanding stock. So with many corporations. Workers began to own more shares of the companies they worked for. With the lessened threat of a dominant owner immediately present, management in general took a broader, more professional, more social view of its duties. Good business, that, it was felt; also good ethics. Myron C. Taylor, Chairman, United States Steel, said publicly at Pittsburgh in 1937 that management "should

May 20, 1932

Henry I. Harriman, of Boston, elected president of Chamber.

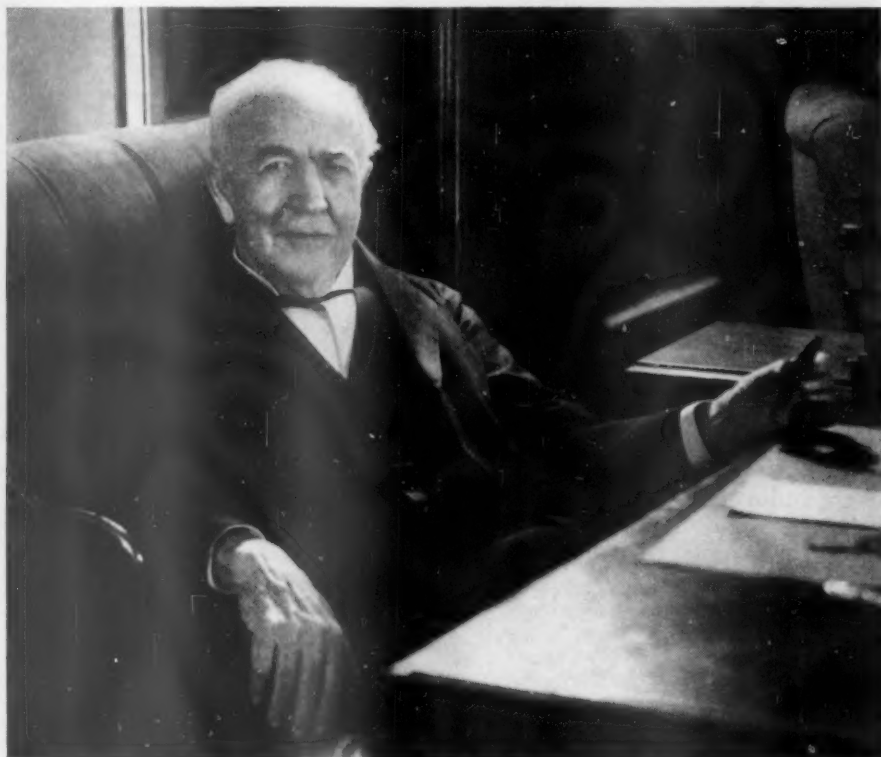
October 28, 1932

Chamber, by referendum, asks for square deal for railroads: "That regulation be reduced to a point where it will be confined to assurance of fair rates."

1932

Annual meeting opposes all discriminatory state laws aimed at legitimate forms of retailing. Continues policy, begun in 1928, of helping small, independent stores improve their efficiency.

"I want to commend in the strongest terms possible the efforts of the United States Chamber of Commerce. . . . The Chamber of Commerce of the United States is doing a great work and I hope it will be able to impress upon its membership everywhere the importance of urging Senators and Congressmen to cut these appropriations, at least for the time being, until our Treasury is in better condition."—JOSEPH W. BYRNS, Majority Floor Leader, later Speaker, of the House.



Thomas A. Edison, country's best known and best loved inventor, worked for human betterment. Died Oct. 18, 1931, leaving a long record of accomplishments

1932

Chamber appoints special committee to study retirement plans that industries might use in pensioning employees, gives findings wide distribution.

1932

As a result of efforts through the Chamber, code of principles to avoid international double taxation is adopted. Congress has since used these principles in all revenue acts.

December 13, 1932

Cancellation of war debts opposed by Chamber membership.

actually hold in intelligent and equitable relationship the interests of those who own, those who work, those who consume." That, he added, is what management has been trying to do—"and of its sincerity in these responsibilities there can be no doubt." ("At seventy," said China's Confucius, "I could do what my heart desired without transgressing what was right.")

Slowly the tide of national progress rose. From day to day it was not apparent. (Rome was not built in a day.) But the trend was upward and onward. From great-great-grandfather to grandfather, from grandfather to father it was apparent. In the past 25 years it has become more apparent. The worker no longer labors from dawn to twilight, as in great-great-grandfather's day, nor "eats from wooden trenchers



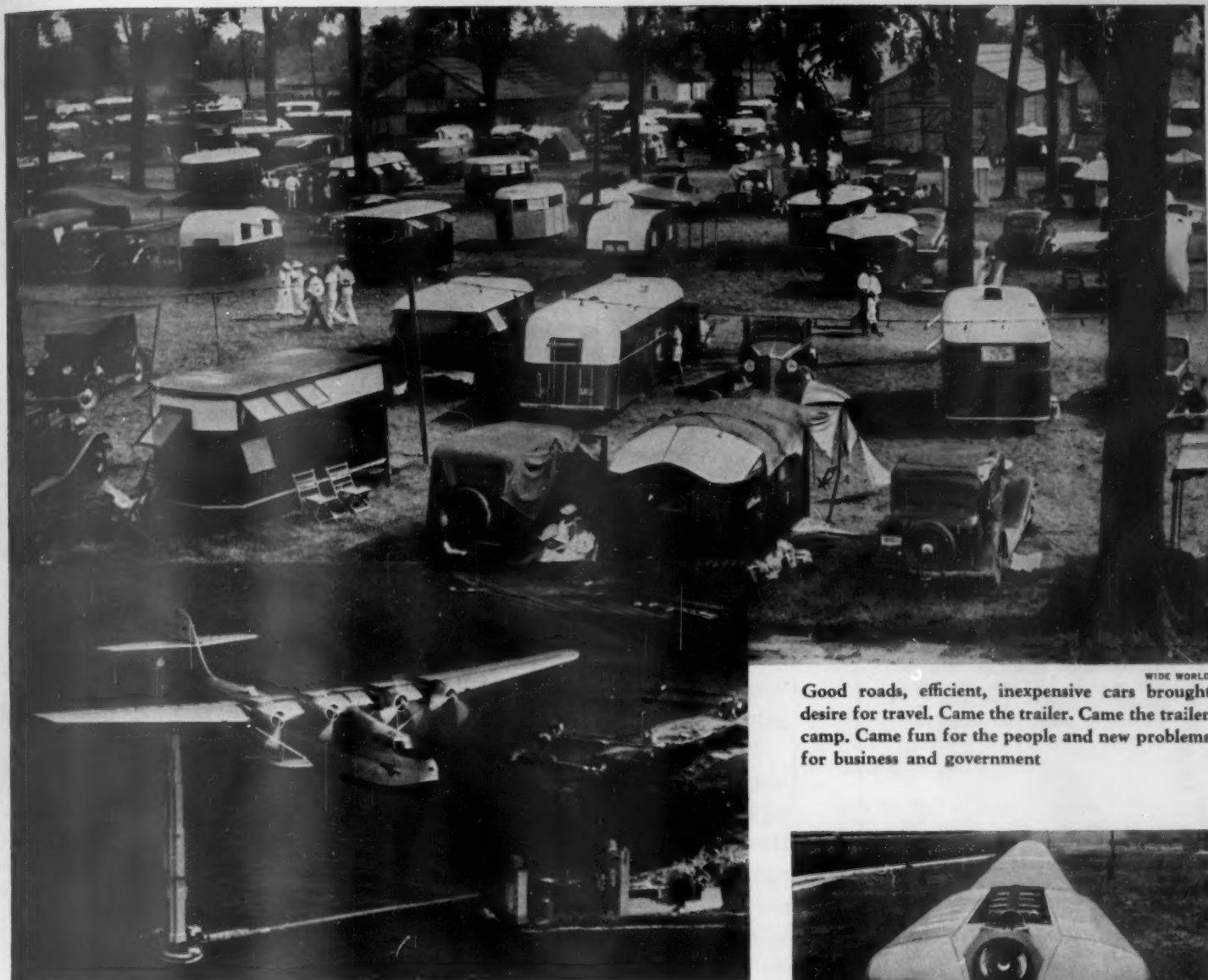
The miniature golf craze bloomed, flourished, made fortunes, and died; one of the unpredictable fads of the period. Jig-saw puzzles and Mah Jong were others

with a wooden spoon." The log-cabin of grandfather's day has all but disappeared. Even fathers see the environment of their early years fast receding.

Poverty has grown rarer. Leisure has increased. Facilities for diversion have multiplied. More people have more things to lighten the burden of toil. One-time luxuries have become accepted as commonplace necessities. What factory worker drove to his place of employment in his own car two and a half decades ago?

The United States was a good place to live and work in. "I have talked with from 35 to 40 skilled men from Scotland and England who are employed at Schenectady and Niagara Falls," said T. Murray, a pattern-maker from Glasgow, visiting America in 1926. "Not one of them has any intention of returning to the old country." Why? The American workman, unskilled, was earning 86 cents an hour in Detroit in 1931. In Manchester, in the same kind of plant the British worker was earning 56 cents. In only one country, Sweden, were wages comparable to those paid in the United States.

Nor was the worker standing still—even in this country. Countless mechanics were stepping into foremen's shoes and on up to the executives' desks. The wage-earner who was paid an average of 78.4 cents

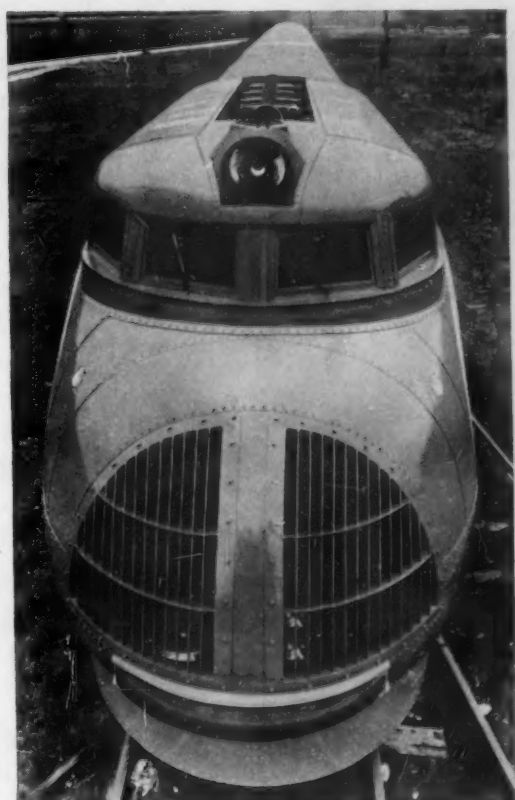


WIDE WORLD
Good roads, efficient, inexpensive cars brought desire for travel. Came the trailer. Came the trailer camp. Came fun for the people and new problems for business and government

Air travel, doubtful adventure of 1912, gained assurance, safety; spanned oceans with luxury liners making scheduled flights



To the farm, the 25 years brought better power, diesel engines, lower costs, shorter hours, new uses to employ the surpluses of old crops



Railroads, seeking new speed and comfort, turned to new metals, new designs, new power plants, found errant passengers returning

May 2-5, 1933

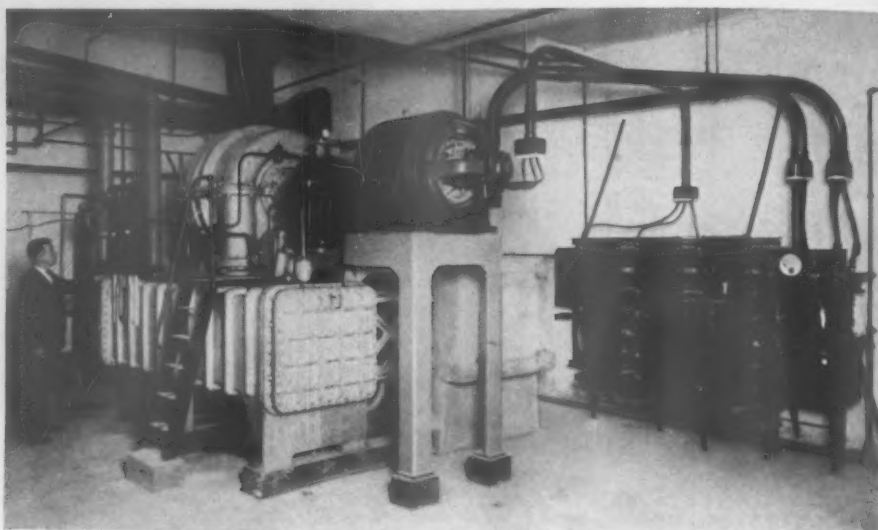
Chamber meeting urges self-regulation of industry through trade associations. Declares for restoration and maintenance of gold standard and sound currency. Again urges balanced budget.

September 16, 1933

Transportation regulation. Membership proposes: "All common carriers should be required to obtain certificates of public convenience and necessity."

December 31, 1933

Chamber adopts policies respecting regulation of domestic water transportation and highway transportation. Legislation on the latter was enacted in 1935.



Only a few years ago a theater which put in an air conditioning plant like this was outstanding. Today stores, cafes, trains, homes may find units adapted to their needs and pocketbooks

an hour in 1913—real earnings expressed in terms of what his wage would buy—was getting 115.8 an hour in 1935—more than he was getting in 1929.

For this there was a reason. The workman was producing more with less effort. In manufacturing his "productivity" jumped from an index level of about 70 in 1919 to more than 120 in 1935. In these years the average increase in "productivity" was four per cent. The worker and the public both shared in this greater abundance, the one by higher wages; the other by lower prices.

The index of "real" wages—that is, what wages will buy—paid to the American workman was at 100.9 in 1935, compared with 100 in 1929.

Came the depression. Hard sledding for the wage-earner. Harder sledding for business. Income fell off—faster than wages went down. The wage-earner was getting a larger share of the income—67.3 cents of the income dollar in 1935, nearly two cents more than he was getting in golden 1929. The investor was getting less—13.6 cents in 1935 and 14.3 cents in 1929. Business, in other words, paid many billions of dollars out of its savings and surpluses to keep the worker going and maintain consumption.

National wealth, in 1912, stood at 186 billions of dollars, \$1,820 per capita. By 1922 it increased to 320 billions, \$2,918 per capita. The depression checked this accumulating. From a high of 361 billions in 1929 it slumped to 329 billions in 1930. Depressions come high.

Business learned, too, new wage-hour-machinery disciplines. Old ideas died hard. Accepted reluctantly during the earlier part of the quarter-century was the news that high wages did not necessarily mean high production costs. Tall headlines were used, world-wide comment was caused, in January, 1914, when Henry Ford announced (under certain conditions) that he would pay a minimum day-wage of \$5, would establish the eight-hour working day. Such philosophy, more or less strange then, was weighed, assailed, eventually widely accepted.

American labor got 54 per cent of the national income in 1910, 68 per cent in 1936. Individual wages became three times those of Great Britain, four times those of Germany, 20 times those of the Orient.

Business men learned that high wages, at least up to a certain point, did not mean high production costs—provided the labor was enabled to be efficient by use of the most efficient machinery. They schooled themselves to throw away boldly, to define obsolescence anew ("A machine is obsolete, the moment something better appears"). An automobile manufacturer, in 1937, quietly discarded a \$20,000,000 power plant. Because it was worn out? No; it was barely seven years old, as good as the day it was installed—but better methods had arrived. So rapidly did the science of petroleum refining develop, that the most modern plant, costing millions, could easily be out of date in five years. It was taken as a token of good management that industry in the United States annually absorbed machinery worth \$23 per capita, against \$10 in Great Britain, \$9 in Germany, five cents in China. It was accepted as socially desirable that, because management provided machines to produce more, and more efficiently, with actual increases in the numbers gainfully employed, the American people had more income, could spend more, lived better. It was the socially-disciplined, not the selfish voice in business, that said over the radio on March 7, 1937:

"Bad management is always a charge against the public; good management is always a contribution to the public."

A manufacturer said that.

Such disciplines made business less arrogant, less inward-looking. Came knowledge that working with competitors near or remote on many tasks, might make for the general good: the good of business itself, and of those served. Baseball, following scandal and serious loss of public confidence, did some pioneering, appointed a "czar" beyond reproach. The movies quickly followed. Fifteen years or so ago, movies were scorned by the élite whether as amusement, as art, or as moral

May 4, 1934

Insurance of bank deposits commended. Chamber membership urges amendment of Securities Act to permit legitimate transactions in securities. Declares that the "spirit of the law (NIRA) and the nature of codes make code administration essentially a process of voluntary compliance." Labor: "In the exercise of the right to bargain collectively through representatives of their own choosing, employees should be free from restraint or coercion from any source."

June 6, 1934

Securities Act, as adopted, includes many amendments urged by the Chamber.

June, 1934

Securities Exchange Act enacted with certain changes advocated by the Chamber.



The deluge! Wall Street in October, 1929

WIDE WORLD

November 9, 1934

Referendum 68: "Rules of fair competition formulated by a clearly preponderant part of an industry as suitable for the whole industry, with due consideration for small units and approved by the governmental agency should be enforceable against all concerns in the industry."

May 2, 1935

Annual meeting hears report of special committee on federal government plan for old-age pensions and unemployment benefits, opposes many features of the bill.

1935

Chamber opposes certain provisions of the Labor Relations Act. Bill, as enacted, includes a few Chamber suggestions.

example—were considered the despised step-children of the old nickel-odeons—were exhibiting chiefly "westerns" and slapstick. The industry, however, disciplined itself, set new standards—saw producing companies meet and raise them—saw vast new audiences attend masterpieces like "Mutiny on the Bounty", "David Copperfield", "Naughty Marietta", "The House of Rothschild". Other industries followed the same plan, or one akin to it. Latest of all, perhaps, is the newly-reborn liquor industry, self-arming against a self-created enemy, intemperance.

Came new conceptions of what business association could, should do. It was not merely the English statesman's idea of organized force ("The fleas would have dragged me out of bed if they had been unanimous!"), but also the feeling that the greatest progress for the greatest number could be made by pooling some, at least, of the things they knew, directing efforts with unity toward common ends. Retail, wholesale associations—druggists, grocers, hardware men—began by exchanging information on costs of doing business, ways of cutting these costs. Patents, always precious property, were found to have disadvantages as well as advantages: A might own one patent, B another. Each needed the other's. It was the National Automobile Chamber of Commerce in 1914 that fostered the Cross Licensing Patents Agreement. Other industries (motion pictures, radio) found it an industry-building device: found that, on the growth of industries, individual companies swept to public acceptance more quickly than by holding all cards too close to the chest.

Legal questions arose, to be sure. Government dreaded the possible nut-cracker action of monopoly, with the public perhaps caught between crushing jaws; juridically doubted the public desirability of the open-price plan in Hardwood, Linseed Oil, Maple Flooring, Cement case decisions; proclaimed the "rule of reason"; thought that the exchanging



While America enjoyed, even in depression, the highest standard of living in the world, other countries sought salvation under guidance of dictators

BROWN BROS.



Then came the drought, calling new attention to the farm problem, giving rise to a score of new plans and proposals to solve the "farm problem"

April 29-May 2, 1935

Chamber reiterates principle of self-regulation of industry. Declares: "Security against hazards of unemployment and a dependent old age is a goal to be sought by all practicable means." Advocated removal from agricultural use of "land on which the production of crops is ordinarily unprofitable."

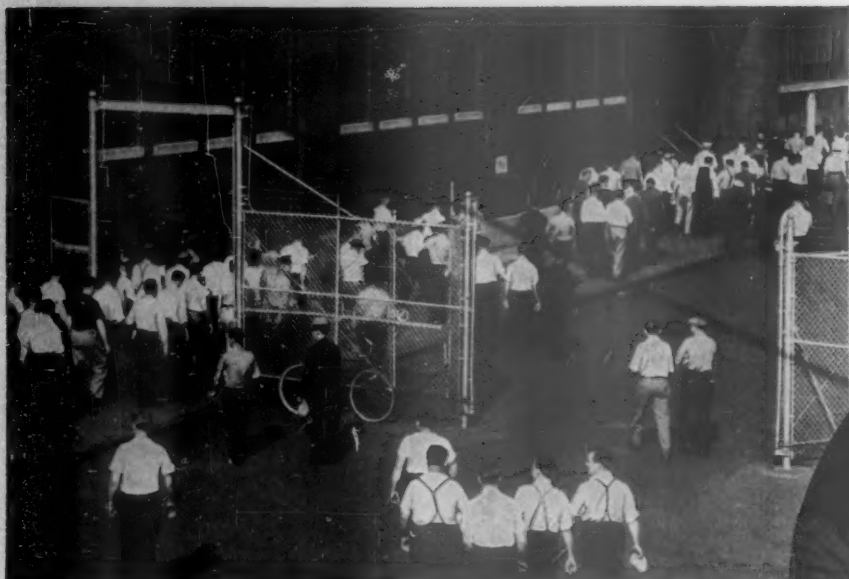
May 2, 1935

Harper Sibley, of Rochester, N. Y., elected president of Chamber.

of information or patent rights, or cooperative action on buying, standardizing products, developing business standards, research, insurance, traffic, arbitration, employer-employee relations, was all right if the intent was not to restrain trade. Associations within allowed limits of action thrived, increased in number, greatly improved industry-and-public relations.

Support of local chambers of commerce, the activities undertaken by these chambers, reflected a growing broader social outlook. "The merchant . . . is not only a man but a citizen; not only one, but one of many," said an early far-looking chamber of commerce secretary. The chamber of commerce, said Secretary of Commerce Robert P. Lamont in 1930, "is first of all a medium through which the practical judgment of business men is brought to bear upon community affairs." In 1912, a group of 69 selected chambers of commerce had cash income from 78,440 members of \$1,596,077; in 1936, the same chambers from 96,819 members received \$3,914,966. In 1912, "more smokestacks and bigger pay rolls" was the dominant, narrowly selfish, booster program of many chambers. To Detroit from St. Louis, having received "inducements", moved a manufacturer with 400 employees and families. They arrived one afternoon. The Chamber of Commerce had found places for them all to spend the night, helped many of them to settle permanently. If St. Louis lost, Detroit boomed; and St. Louis might win another time! That was in 1913.

Good roads programs were early chamber projects—mainly to bring more people to town to trade. Came the war. Came Liberty Loan campaigns. Chamber of Commerce members learned new duties on public platforms, organized bond-sale drives. "Booster" in the very narrow sense became less and less. The outlook broadened. More chambers employed well paid secretaries of professional training and standards,



New industries developed in the quarter-century brought diffused purchasing power, better living, job opportunities to millions willing to work



Higher wages, lowered prices, made parking lots for workers' cars necessary adjuncts of factories



H. ARMSTRONG ROBERTS

Power and communication companies expanded, improved service, bringing information, comfort to villages and farms



EWING GALLOWAY

Machines replaced human muscle, lightened tasks, shortened hours. One company reported \$2,600 investment in machinery for each worker



WIDE WORLD

New techniques appeared everywhere, even in labor disputes as the sit-down strike, old in Europe, new here, spread from plant to plant



Prosaic steel kept pace with new demands, produced alloys, strong and light, for special jobs. Rails that can be twisted cold are a new development



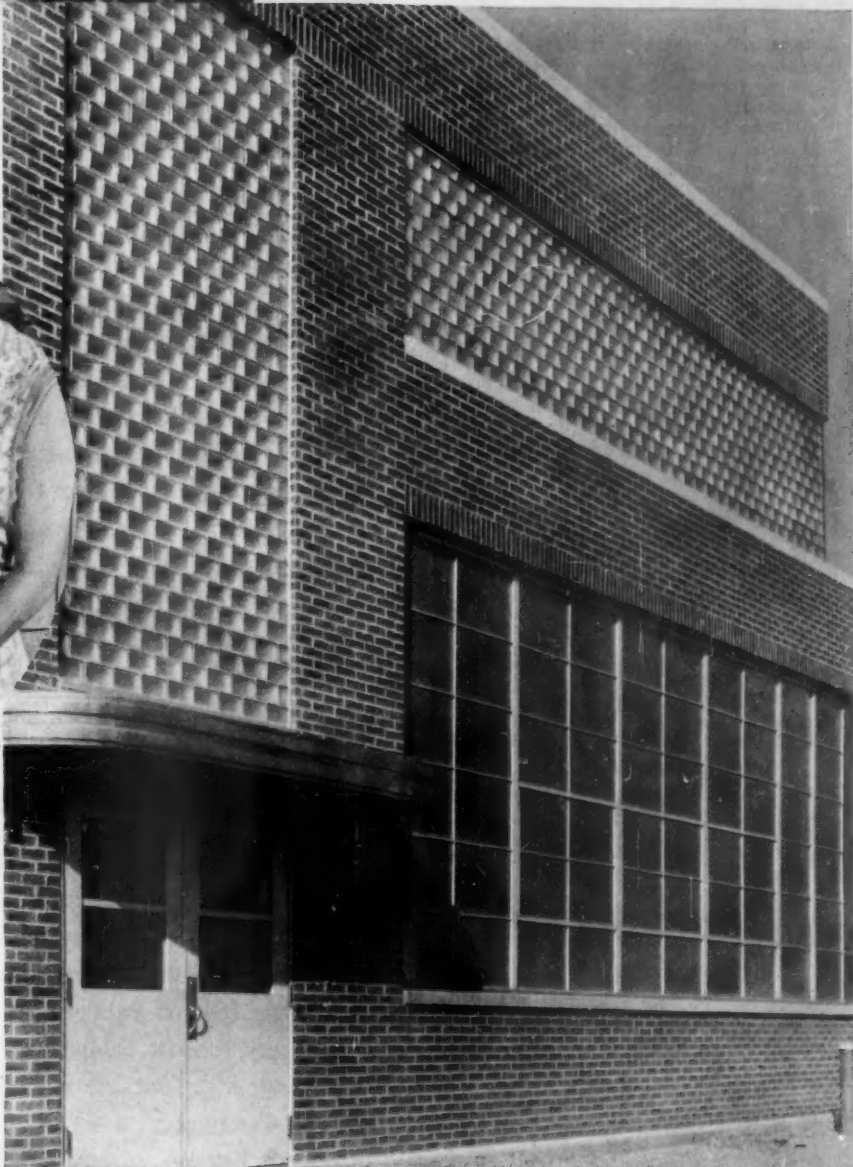
The industrial laboratory expanded, grew, found new products, constantly improved old ones



LIVING GALLOWAY

In home, as well as factory, machines replaced hand labor, lightening tasks, bringing new beauty and sanitation

Factory planning advanced as new materials (such as glass used here) and new designs made possible buildings especially adapted for specific purposes



October 9, 1935

Members declare against extension of federal authority into matters of state and local concern.

April 27-30, 1936

Annual Meeting declares that "national welfare depends upon ever-rising standards of living and increasing security to the individual." Asserts this cannot be done by government fiat. Continues opposition to government control of production. Reiterates objection to every proposal "tending to deprive the Supreme Court . . . of its function to determine the validity of congressional action."

trained perhaps in special schools at Northwestern University, Stanford, or elsewhere. More heavily stressed was orderly, systematic, balanced growth, the improvement of the community, regard for general social welfare. The 1930's and the depression brought new duties, new responsibilities in connection with unemployment, relief, plans to spread work, ways to cooperate with national programs. Research increased. Civic-mindedness increased. The local business-man member found that he had closer contact with the nation, that he had a standard and effective



Even the universe grew smaller as a 200-inch, 20 ton, lens was completed for observatory telescope on Palomar Mountain, Cal. Rubber company, railroad, glass works combined talents to ship it across country undamaged

way (through the Chamber of Commerce of the United States) to make his thoughts and wishes on national problems known.

He was heard on many matters. Many times. And heeded.

Still other disciplines were learned. Just before the great Ohio River flood of 1937 came one of the worst sleet storms on record in the mid-West. From Texas almost to the Great Lakes, across Oklahoma, Arkansas, Missouri, Illinois, and certain sections of Iowa, Indiana, Tennessee and Kentucky, sleet clung to telephone wires, the weight snapped them in two; 710,000 spans of wire (18,000 wire miles) required replacement. Over 175,000 square miles, 25,000 poles were down or broken; 2,500 toll circuits were out of service; 60 towns were isolated. Not a great deal in the papers about it. But business was disrupted. Orderly life was interfered with. Weeks, it seemed, must be necessary to repair the damage.

Before an hour was out, when the severity of the storm was realized, local telephone repair men were on the job. Almost before the storm was over, other repair men from far Southeast and Northwest, from New York, Ohio, Pennsylvania, were working with men from stricken states. There was no confusion as to methods, equipment. Millions of conductor-feet of rubber-insulated wire and cable, thousands of telephone sets, tens of thousands of pounds of pole hardware, were rushed where needed. Outside workers and local workers were familiar with the same materials, used them in the same way. Repairs were a miracle of speed. Because of standardization.

In these 25 years, standardization made great headway. In thousands of ways. Criticized for overstandardization in some ways, business declared that the more abundant life was made possible by standardization of ten thousand gadgets, materials, processes. Made for greater inward freedom instead of less. Pointed to with pride was work like that of the Society of Automotive Engineers, of the Bureau of Standards, of the American Standards Association—a dynamic, creative force, saving the automobile industry alone an estimated \$750,000,000 annually, helping to make a car per family almost the American average. Remembered was the fact that 25 years ago, before the benefits of standardization were well understood or its principles applied, confusion was common, repairs were slow, the blacksmith at his leisure made the broken part—if it could be made at all. They remembered that in 1911, on one seemingly inconsequential item, lock washers, one company supplied 800 different sizes of washers for bolts varying in diameter just from three-sixteenths inch to one-half inch. Not because so many sizes of bolts were necessary, but because there was no standardization. . . .

1933-1937

STILL THE SWIFT YEARS MARCHED. Men fighting back from onslaughts of depression. Technocracy. Bank failures. Hoarding. The bank holiday. Repeal of prohibition. Presidential "fireside chats". Chicago's "Century of Progress." The Agricultural Adjustment Act. "Brain trusters". Bureaus going alphabetical: HOLC, NRA, WPA, FERA, FHA, CCC. United States off the gold standard. New streamlined trains, automobiles. Dust storms. Reciprocal trade agreements. Air conditioning. A 200-inch telescope. The Guffey Coal Bill. Philippine independence. Russia recognized. Relief. Will Rogers killed. Bonus Bill. "Do you think Hauptmann really did it?" Diesel-electric locomotives, Diesel engines in tractors, trucks. Supreme Court decisions—"Nine Old Men". Heavy water. Germany goes Nazi—Hitler—"the blood purge". The Townsend Plan. Haile Selassie. Revolution in Spain. Drought. Rumors of war. Swing music.

Thus Far—and Tomorrow

IN THE CURRENTS AND CROSS-CURRENTS of these swift tremendous years, do steady tides appear? If so, in what direction do they seem to set?

Such tides there are. Profound. Perhaps irresistible.

There is, for one, the new recognition by business of a necessary comradeship with research.

There is, for another, the widely accepted principle (new in a trading world) that a fundamental service of business is to make and sell large masses of articles, improving them constantly, yet by the economics of mass production and distribution, selling them at prices within the field of mass consumption.

There is, for a third, a steady tendency for business to broaden its base, to realize itself in terms of wider social functions, to think of itself less as an agency by which a few may grow safely and selfishly wealthy, to think of itself more as the agency by which a more abundant life for the many is achieved.

May, 1936

Special committee on unemployment finds number to be reemployed smaller than publicly stated, concludes work relief can be brought gradually to an end.

1936

Special committee appointed to consider Robinson-Patman Act. Committee stresses desirability of Federal Trade Commission proceeding to develop the applications of the statute.

1936

Chamber publishes committee report to the effect that consumers' cooperatives should stand on their own merits without public subsidies.

March, 1937

Chamber publishes committee report showing possibilities of handling by the state compact method many problems which federal Government has tried unsuccessfully to solve.

April, 1937

Chamber sends committee recommendations respecting the long-and-short-haul clause to referendum of its members.

April, 1937

Chamber celebrates twenty-fifth birthday.

There is, for a fourth, a tendency for government more and more to try to assume the jobs of business, despite its apparent shortcomings: despite the fact that the daring and vision that initiate and create mass business movements in the public interest are not themselves a product of a mass movement—that they cannot be conjured up by votes—that they seed and grow (first) quietly in the minds of one or a few, and must be so powerfully nurtured and so strongly motivated, that they will survive inevitable blasts of ridicule, indifference, hostility, loneliness.

Where will these tides that are running now, and new tides that may set in, carry business in another quarter-century? No one can more than faintly guess. Confidence in business is greater now than it was in 1912; and business has proved itself more deserving of confidence. But no one in 1912 could have predicted 1937. No one in 1937 can predict 1962. One thing only is sure: change there will be. In business. And because of business. The years will march. . . .



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FEWER MOTIONS MEAN SPEED AND ACCURACY

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ELIMINATES NEEDLESS MOTIONS

*				
2	4.5	0		
	1.3	5		
1	0.4	5		
5	3.6	0		
	2.5	5		
2	5.0	0		
3	5	0.0	0	
6, 7	1	2.7	0	
	1	3.0	0	
	5	9.0	0	

THE 10 TYPICAL AMOUNTS ON THIS TAPE WERE LISTED AND ADDED IN ONLY 11 OPERATIONS

- ① Because two or more keys, together with the motor bar, can be depressed simultaneously on the Short-Cut Keyboard.
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By using the Burroughs short-cut method the operator can list and add entire amounts in one operation. For example—the first amount (\$24.50) was listed and added by depressing the "2" key, the "4" key, the "5" key and the motor bar—all in one single operation.

Had each key and the motor bar been depressed separately—and had there been a cipher key to depress—it would have required 51 operations instead of 11 to list and add the 10 amounts shown on the tape above. Thus the Burroughs short-cut method eliminates 40 operations.

Think how many needless motions the short-cut method would eliminate in handling hundreds or thousands of amounts. Think how much time and effort it could save in your business. Investigate today!

"Planaceas"

By H. C. DALE

Dean of the School of Business
Administration, Miami University

IF A planning board is set up to direct the course of business activity, what guarantee is there that the planners will always exercise dependable judgment?

WHEN this country gets round to counting the lessons learned from the depression let us hope that somewhere on the list, deservedly near the top, will be distrust of all this easy criticism of the American System. Of all the pedlars of "planaceas" the most vocal are those who have been telling us, pityingly, that we have passed definitely from conditions where there were not enough goods to go round to conditions where there is too much to go round. They put it neatly and (to them) convincingly in such phrases as "prosperity is the fruit of the quest for profits, depression is the result of their too great realization."

That is supposed to be that.

Despite the substantial recovery already achieved, many people are still captivated with the idea of remaking the old economic system and substituting for the slow and, it must be admitted, somewhat unpredictable forces of supply and demand and of profits and prices some scheme for national economic planning. A planned economy, we are assured, would make adjustments quickly and of course the results, if we only trusted the planners, instead of being unpredictable, would be sound, sure and infallible.

Now there are two groups of planners, one group merely advocates a sort of glorified national intelligence service to provide up-to-date facts on which business men can base sounder

judgments. Such planning may well have a place. We are pretty well swamped with facts already but probably we can stand a few more. Wider knowledge ought not to hurt anybody. Besides, we are accustomed to being handed advice and—no doubt often unwisely—disregarding it.

Planning and compulsion

NOW the other type of planning is entirely different. Its advocates propose to set up one or more national planning boards to direct the whole course of business activity and economic life.

This is planning plus compulsion and it is enthusiasm for this sort of planning that somehow will not down. Of course compulsion can be exercised in a variety of ways depending on who does the planning, but in every case it involves an ultimate reliance on the power of government to

give commands and to enforce them.

Well, why not?

Simply because we know from actual experience and not merely from theoretical surmises precisely why schemes for compulsory economic planning will not work. For one thing there is the question of personnel. None of the most ardent advocates of planning says specifically who would be on the planning boards. Much is said about distinguished economists and industrial leaders with vision, but nobody offers us a slate.

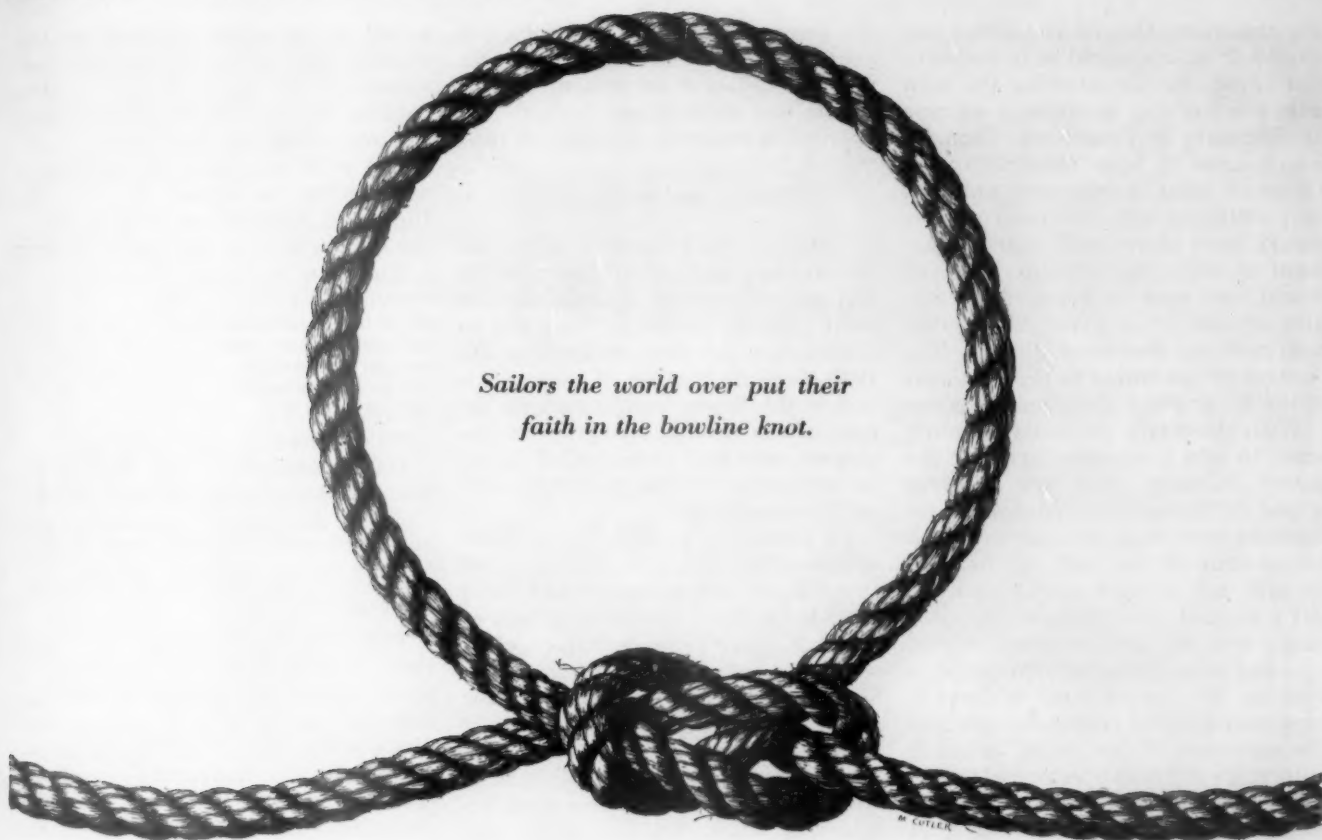
Suppose we make one. We will not make it as of today because we can scarcely be expected at the moment to measure and gauge personalities in their true perspective, yet we would have to do precisely this at some time and would have to trust the then contemporary judgment. Let us pick our planning board just ten years ago, 1927. Whom would we pick?

Well, there is no question about



CARTOONS BY CHARLES DUNN

Planners seek to prevent all hazards of natural economic forces



A Bowline Knot on the Future

ALL sailors know that a bowline is dependable. It can be used for many purposes. A bowline knot never slips nor jams, and can be quickly and easily readjusted in an emergency.

Life insurance is a "bowline knot" with which you can secure the future for yourself and family. It serves many purposes and from time to time can be adapted to meet changing needs.

When you plan security for your wife and children, many possibilities must be considered. Your family will need an income whether you are here or not. Your children will need

an education. Life insurance will give them that protection.

Your life insurance may never be needed for these purposes. In that case it can be used to provide you, personally, with an income which will help you to enjoy your sunset years.

Invite a Metropolitan Field-Man to assist you in preparing a Program that will really protect your family. Ask him to include in your Program plans for your own retirement. It will give you a "bowline knot" on the future.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



Metropolitan Life Insurance Company
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Without obligation on my part, I would like to have information regarding a Life Insurance Program to meet my needs.

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ONE MADISON AVENUE, NEW YORK, N. Y.

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LEROY A. LINCOLN
President

the chairman. Men of all parties and of all affiliations would be in substantial agreement on selecting the man who was making so signal a success as Secretary of Commerce. Then we would have to have some representative of labor, a man who through long affiliation with the cause of labor would have developed sound judgment in defending its interests and would have won the support and loyalty of the great mass of working men without factional dissent. The evident choice would be the president of the American Federation of Labor.

With these two we would certainly want to add a representative of the power industry, that new colossus whose civilizing and modernizing influences were being felt in every nook and cranny of the land, and here let us pick not a mere money grubber but a man of civic pride, a patron of music and the arts, a great citizen. . . . But why continue? The point is obvious. We would have to have a superman for this continuing job and the supermen of yesterday, to put it mildly, are not the supermen of today.

The problem of personnel extends not merely to the top men but presents grave difficulties in connection with what might be called the line and staff. One of the most earnest advocates of national economic planning, Stuart Chase, has been particularly insistent on the importance of utilizing the services of disinterested scientific experts. Yet there is always

the danger that their superiors, the board, would be unwilling to accept the conclusions of its economists, scientists and statisticians.

There is concrete evidence on this.

Politics and economics

IN 1919-20 the Federal Trade Commission employed several economists and statisticians to investigate the meat packing industry. They did so thorough a job that on October 20, 1919, Senator Watson of Indiana attacked the Trade Commission on the floor of the Senate, charging its employees who had participated in the investigation of this industry with sedition and anarchy.

On December 4, 1920, one of these economic investigators was notified that his services would not be needed after December 31 because of lack of funds. Neither Francis Walker, chief economist of the Commission, nor C. F. Napier, chief accountant, knew of the man's discharge until after it became effective, though it had been customary to request suggestions from division heads before such action was taken. The economist who was dismissed was a young man of exceptionally penetrating mind and an indefatigable zeal for investigation and analysis.

His name was Stuart Chase!

Then there is the question of the actual effectiveness of advice. Assume for the moment that the board

would be reluctant at least at the start to use rigorous compulsion, but would confine itself largely to imparting the facts and urging its conclusions based on these facts. Experience with this type of planning is not lacking. On August 15, 1927, the Bureau of Agricultural Economics of the Department of Agriculture issued a statement in which it said:

Should past supply and price relationships be maintained during the marketing season this year and crop prospects remain unchanged, lower prices for cotton in the immediate future may be expected.

This caused no particular stir.

On September 15, the Bureau repeated the statement in these words:

Should the present estimate of production be realized and past relationships between supply and price prevail, it is likely that prices will decline in the next few months.

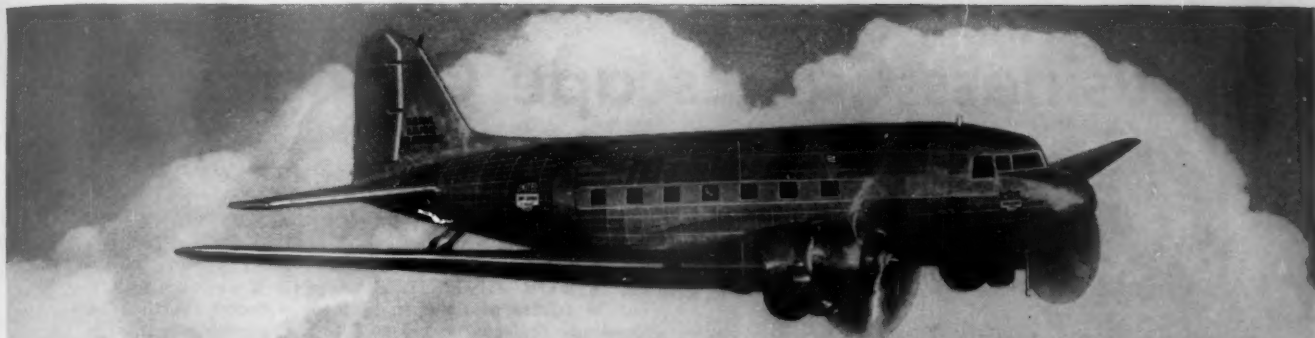
This was flashed over the stock ticker and the price of cotton dropped \$6.50 a bale. An uproar of protests reached the offices of Secretary Jardine and President Coolidge in Washington. Senator Harris of Georgia declared that the "forecast had cost southern cotton planters \$100,000,000 by the break of the market" and characterized the author of the forecast as "either a fool or a knave."

Representative Rankin of Mississippi wired Secretary Jardine:

Your department has again betrayed the cotton farmers of the South and West
(Continued on page 174)



We know from actual experience precisely why schemes for economic planning will not work



UNITED AIR LINES "INCREASINGLY DEPENDENT" UPON



"COMPTOMETERS"

Air transportation, a truly modern industry, naturally tends to adopt the most modern aids to efficiency — at the airport or in the office. Hence the significance of this statement by Mr. C. E. Brink, Treasurer of United Air Lines, oldest and one of the largest air transport companies in the world:

"With the increased volume of figure work resulting from the steady and rapid growth of air travel, we are becoming increasingly dependent upon 'Comptometers' in handling our accounting work with speed and accuracy.

"At our general offices in Chicago we use a battery of 'Comptometers' for such work as ticket auditing,

payroll, statistical and general accounting. 'Comptometers' are also used to excellent advantage at our operation headquarters in Chicago, at our overhaul and repair plant at Cheyenne, and at certain of our division headquarters throughout the country.



Model J
"Comptometer"

"With twenty-eight new-type Mainliners recently placed in service on United Air Lines, our facilities to carry passengers reach a new record, and the burden imposed upon the Accounting Department will be lessened by the aid of the 'Comptometers.'"

If speed, accuracy and cost-cutting efficiency are desirable in handling your firm's figure work (especially in view of Social Security legislation), permit us to demonstrate the economy of "Comptometer" methods in your own office. Telephone the "Comptometer" office in your territory, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.

No Business Can Escape Change

**New days bring new products
to make the doing of old tasks
easier and cheaper**

1 • CHARACTERISTICS OF natural daylight are obtained in new tubes of carbon dioxide. Arranged in grids, the tubes give a diffused light closely approaching north-sky light in color value. . . .

2 • FOCUSING FLASHLIGHTS of greater efficiency are made possible by a new prefocused lamp, designed to put the filament at the optical center of the reflector, thus cutting down the scattered and inefficient rays of light. . . .

3 • ANOTHER FLASHLIGHT features a lens frame and base of rubber which provides cushioning for the protection of lens and bulb. The metal parts, being rubber-covered, also serve to prevent corrosion and short-circuiting. . . .

4 • AN AUTOMATIC toaster with capacity of three slices keeps the toast warm indefinitely without burning. It's adjustable for light or dark toast and, when used for one or two slices, the extra heating elements may be turned off to save electricity. . . .

5 • AN INVISIBLE hinge for doors is said to offer not only an unbroken architectural finish but added safety, since it cannot be tampered with when the door is closed. . . .

6 • A CASEIN glue of new type mixes quickly with cold water. White, possessing exceptional strength, waterproof, it can be mixed with wood flour or sawdust to make a substitute for natural wood or a crack filler. . . .

7 • AN ALLOY with low coefficient of expansion, and relatively inexpensive, has been developed for making vacuum tight seals with glass. Principal uses are expected to be electronic tubes, mercury switches and other sealed-in units. The alloy may be easily machined and cold-formed. . . .

8 • A FLASH lamp for photographers has two new developments: a blue safety spot which turns white or pink if air has leaked into the bulb (which would make it explode), and wire instead of foil which, it is said, increases the time of maximum illumination so that even with poor synchronization good pictures may still be obtained. . . .

9 • A STAINLESS steel traffic marker has slight curved steps to reflect light either on straightaway or curves so as to give maximum visibility to oncoming traffic. . . .

10 • A BINDER for magazines obviates posts or insert strips. A clip at the ends holds tight yet lets the pages open flat. . . .

11 • AN INTERCOMMUNICATION system for two-way talking has been devised which requires no special wiring. It uses carrier currents on the present electric wiring and may

be carried from room to room and plugged into any light socket. . . .

12 • FOR JUVENILES there is a new folding bed that can be folded and put in a closet without even removing the bedding. The center raises like a church roof, though not so high, and the ends come close together. Easy to store and easy to move by auto or trailer. . . .

13 • A NEW flame-proofing agent for textiles and paper, just developed, leaves the material treated with a soft, pleasing feel, does not affect strength or dyestuffs. . . .

14 • A FLOW gun for the application of sealing compounds such as rubber cement, emulsified asphalts, uses no atomizing air but simply flows the material under air pressure. It can also be used to lay a heavy stripe of paint where spraying would be impracticable. . . .

15 • A DYNAMIC microphone for radio but well suited for public address is cylindrical in shape and is easily changed from directional to non-directional. Mounted on desk, floor stand, or overhead it has a well balanced pick-up from around 40 to 10,000 cycles. . . .



23 • SPHERICAL MAPS of the world, long common in globes, now find their counterpart in a globe of the stars. Simple adjustments for time and place show stars above the horizon ring in their true positions as seen from any place at any hour of night. . . .

16 • A LOCKING device for automobiles makes it possible to lock all doors with the lock in the right front door. It is not necessary to latch the other three before leaving the car. All four doors are also automatically latched by latching the right front one, though any door may be opened separately from the inside. . . .

17 • ROCK WOOL insulation for homes is now available with a waterproof paper backing which makes handling easier, provides a support when the insulation is used overhead, and offers protection against soakage of water. . . .

18 • A NOVEL device enables one man to open or close freight car doors quickly and safely without levers or blocks and tackles. It operates equally well from platform or ground. . . .

19 • A NEW coffee-making device is said to combine the favorable features of percolation and dripping. Its temperature control tends to keep the best temperature for coffee-making. . . .

20 • A DRY CELL for long, continuous discharge without peak loads has a capacity of 850 ampere hours. Shipped with a solid electrolyte to save weight, water is added at installation which thickens up in service. . . .

21 • FOR picnickers and campers there is now an easily portable grill which cooks both sides of the meat at once and has space for coffee and pan foods above. And a folding grill comes in a neat carrying case that holds everything required for cooking out of doors. . . .

22 • A SYNCHRONOUS motor operated timer for electrically operated devices is adjustable over a wide range, has a convenient adjustment, instantaneous reset, and 15 ampere contacts which will often eliminate the need of relays. . . .

WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

Simple Proof for an Important Fact

Lay a narrow plank across two chairs and anyone can walk its length without any difficulty. Suspend that same plank between two tall buildings and not one person in a thousand would traverse it. Why? It proves something about control. Every step you take calls for muscular control and yet you never give it a thought. You walk miles every day *automatically*. But inject a hazard so control becomes a matter of life and death and what ordinarily seems so simple becomes a breathtaking adventure. That same thing applies to electric motors and the machinery they drive. Motor Control can seem so unimportant through the days and weeks and months of normal operating conditions while it does its job *automatically*. But when those moments of emergency arrive, when control is the difference between life and death for machines, that control had better be dependable Cutler-Hammer Motor Control. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wisconsin.



CUTLER-HAMMER MOTOR CONTROL

Saves Time, Trouble and Expense

Cutler-Hammer Motor Control starts, stops, regulates and protects electric motors of every size and description. It has no one form. Whether it is a room full of panels or the tiny cold control on your household refrigerator, the C-H trade mark is your guarantee of real security.



Washington and Your Business

By HERBERT COREY

Heads He Wins And PWA Loses

CONGRESSMEN who laugh easily are getting a good deal of fun out of a recent discovery. The PWA allotted a total of \$94,526,263 in loans and grants for 270 non-Federal power projects. Of this, Nebraska received \$31,919,572, or 33.77 per cent. Nebraska contains 1.07 per cent of the population of the United States. United States Senator George W. Norris of Nebraska first supported the President but recently has been in open opposition to the pack-the-Court plan. Nothing can be done about that.

Meanwhile the PWA has been planning a "Nebraska grid" at a total cost of \$59,520,909. The plan is now under injunction by the federal court. Its fate depends on a decision by the U. S. Supreme Court in test cases involving the PWA financing of local utilities. If the Supreme Court says "yes" Norris wins. If it says "no" the PWA loses.

WPA Times KKK Spells Trouble

HERE are some facts—or they seem to be facts—which are occasioning much head-scratching on Capitol Hill.

It is probable that as soon as it is possible to sleep in a truck without dying from pneumonia several marches will start for Washington. The American Legion will discourage them, but it is fairly certain that some of the veterans will head this way. So will various Communist and Socialist organizations under various names. So will, apparently, some dissatisfied WPA workers. They will ask for more money, certainty of employment, the right to say "fooey" to their bosses, four weeks' vacation with pay, and plenty of sick leave. Maybe a few other things.

President Roosevelt has not discouraged marchers in the past. It has been his policy to let 'em come.

But an organization resembling the old Ku Klux Klan is beginning to be heard from. Word comes that it will not let the WPA marchers through if they start.

G-Men Are Not In Politics

PERSONS close to J. Edgar Hoover, director of the Federal Bureau of Investigation, report that he has completely lost his temper. A news commentator recently told of the

part the Department of Justice is playing in trying to drive the President's Court plan through Congress.

"Agents of the Department have been overheard giving orders to senators in an arrogant tone never matched under any previous Administration." The quotation is from memory and is not verbatim.

In the next line the reporter referred to these agents as "G-men." He did not, apparently, realize the difference between an agent of the Department and a G-man. Hoover is fit to be tied. He has always kept his Bureau out of politics and politics out of his Bureau.

Odds on Bread And Circuses

IT IS unlikely that any congressional correspondent really believes that the Court plan will be beaten. In a Round Table debate in the Press Club these facts were offered:

"The first 2,000 letters received by Carter Glass were: against the plan 1,999, for it, one.

"The night he spoke on the radio against the plan 500 telegrams were waiting for him before he got back to his hotel. All praising his stand. Two days later his mail came in a special truck."

The realists replied that these facts were interesting but unimportant.

"When I want to sound out sentiment I never ask my doctor or lawyer," said one. "I talk to the taxi-drivers and the garage hands. They're all for any plan Mr. Roosevelt may favor."

"My home town paper asked 18 persons at random where they stood and why," said another. "Two opposed the plan and knew why. One was a business man and the other was a minister. The 16 said they were for the plan. The President wanted it. That was enough."

Congressmen, said the realists, are reelected entirely by voters.

Defense Against The Octroi

POLICEMEN sit at the gates of Paris and stop all cars and measure the gasoline and count the potatoes. Then the fuming motorist pays 9.6 cents tax if he has the change. If he

lacks the change he walks a mile and gets it. Or else he sweetens the kitty for the gendarmerie.

That's the French *octroi*. Even good Frenchmen, who know that France is leagues ahead of all the rest of the world, strain the resources of their synthetic profanity when they talk about it. But we're working up an *octroi* ourselves. Nearly a dozen states now have ports of entry on their frontiers, and impose legal restrictions. There have been "truck license wars" between Indiana and Kentucky and Wisconsin and Illinois and Wisconsin and Iowa and Tennessee and Georgia and Arkansas and Louisiana and Mississippi and Pennsylvania and her neighbors, and many other states. All costs of the border barriers were paid for out of the gasoline taxes.

The Plan of No Pay No Play

CONGRESSMAN WILBUR CARTWRIGHT, one of the authors of the Hayden-Cartwright highway act of 1934, calls attention to Section 12 of that instrument.

"This provides that states diverting highway funds shall be penalized not to exceed one-third of the federal-aid allotment for highways."

Mr. Cartwright did not say that it is a diversion of highway funds to operate guard houses on state lines. But it might be so argued. In 1935 \$147,142,209 was diverted by the 48 states to non-highway purposes.

State Compacts and Planning

IT'S symptomatic, though—or something. It is true that under the Constitution the states are not permitted to impose customs barriers as between themselves. But when gas-

oline taken across a state line is taxed on entering the state it is something like the payment of customs. Likewise when owners of new cars or tow cars are made to pay eight to ten dollars for a windshield sticker a faint resemblance may be found to the payment of duty. Two conclusions may be reached. One is that the relation of state to state is changing. States are entering into compacts with each other. Neighbor states agree to



"TROUBLE IN MOROCCO"

Armored Trucks Plow Through Scorching Sand, Hurtle Desert Dunes



GOODRICH SILVERTOWNS FIND REAL WAR IN FILM THRILLER

by Lowell Thomas

"Diving down the banks of steep sand dunes, skidding with two wheels in the air, roaring over the flat stretches—it's a tough job for trucks and tires."

"When they filmed 'Trouble in Morocco' they had plenty of trouble getting motorized equipment that could travel the 'camel country.' I've crossed the Sahara. I know what a job it is to get through with even a light passenger car, crawling along slowly. When you take heavy equipment, push the accelerator to the floor, plow through burning desert sand, it's torture for tires!

"Believe me, there were plenty of thrills, hazards and perilous moments in making this picture."

"There was no place for sissies in the cast—and no place for 'weak sister' tires on the job."

Larry Darmour, producer for Columbia distribution of this feature picture starring Jack Holt, chose Goodrich Silvertowns for their armored cars. And many of Hollywood's largest studios use Goodrich Truck Tires for hauling cameras and delicate sound equipment. Where tires matter most, that's where you find Triple Protected Silvertowns.

Protects Against Blow-Outs

Every Goodrich Truck Tire has a new invention built into the sidewall—a 3-way check against blow-outs and side-

wall breaks. This protection actually checks 80% of premature failures! It strikes right at the cause of tire delays. Here's how it works:

- 1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
- 2 PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.
- 3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

With that kind of cool-running tire you're bound to get greater mileage on any kind of haul. Goodrich can give you the exact type and size of tire for your particular service—and there's no premium price to pay. Call the Goodrich dealer.

Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

work together in policing roads. Plans are being made for the prevention of stream pollution either by municipalities or factories. Regional compacts have been proposed for flood control and power production purposes. The second conclusion is that taxes are due for a sky-ride.

Drop A Tear for The Taxpayer

PERHAPS taxes will not be hiked at this session of congress. Every one from the White House to the Capitol policemen went out on the end of the limb of promise and all are staying there. But the day of the boost is approaching. The June 30 deficit will be hundreds of millions of dollars more than had been expected, thanks to increasing spending and revenues that did not come up to expectations. Relief spending may touch \$2,000,000,000 next year, which is about \$500,000,000 above today's admissions. More talk is being heard of an increase in taxes in Congress, coupled with hearty shudders. Senator La Follette has revived his suggestion that the income tax base be lowered in order that more voters shall be made government-conscious. There are 175,000 taxing units, ranging from school districts up, and new ways of taxing are being found almost every day. According to an authority, the underlying reason for the control stations on state lines is to collect taxes from motorists.

Taxes Lower In Great Britain

"YOU know what I like best about an Englishman?" asked an American business man who had just returned from Europe. He was addressing the group of iconoclasts who sit at one of the two "Round Tables." The American said that an Englishman kicks. "Good Peter, how he kicks. He writes letters to the newspapers and to his district's representatives in the House of Commons and he makes speeches and he fulminates in clubs. In the long run not very much is put over on the sturdy Briton."

The American said he had discovered to his surprise that American corporations all pay higher taxes than British corporations. "Some pay twice as much tax." But Americans are meek as mice about it, he said. They do not write letters. They seem hardly to know that they are being savagely taxed. They just pay and grumble a little to each other and pretend to be good sports.

"The Englishman," said the returned American, "is definitely not a good sport, according to our definition. But not much is put over on him."

Follies of The Surtax

THERE is general agreement that something must be done to cure the ills of the present tax law. The underlying trouble in the opinion of those working on it is that it was put through too hastily. No one saw far enough ahead. Owners of a coal mine in West Virginia, for example, would like to open a new shaft in a remote section. They would be obliged, however, to build houses for their miners, for there is no village in miles. The small rentals which could be charged would make the housing operation a losing one at the best. The houses could be built for about \$2,000 each, but if the company pays for them out of current income they would—a bow to the surtax—cost about \$2,300. The company has abandoned all thought of opening the new shaft.

I'd Rather Have a Job

ONE small corporation in a small town retained its income for the purpose of making improvements. The surtax is crushing it. Its stockholders looked the situation over and decided that—under the present law—their only way out was to revert to their former partnership status. But it was pointed out that if they did so there would be

a scramble for the shares—in the small town every one knows the little company is making money—and the share-value would go up and with it the taxes. The investors are in despair. One partner said:

"To hell with it. I'll sell out and get me a job in a hardware store. I'd rather have a salary than all this worry."

How to Lose Money Making It

FEW understand the complexities of the present tax law. So instead of making a noise about it they go all meek and silent. Corporations are paying high interest rates because the tax bite in a refunding operation is more than they can endure. Glance at this fact:

"If you made \$500,000 in 1934 and lost \$500,000 in 1935, and made \$500,000 in 1936, which leaves you \$500,000 ahead on the three years' operation—

"Your total tax would be \$612,000."

At Least This Is A New Story

AN American correspondent just returned from Paris went about with his metaphorical mouth open. "I thought the United States had gone all-French again," he said. "Over in Paris we believed that the Americans were ready to back France in the next war with money or men. The French Government thought so. That is why the French made those tentative advances toward a new loan which dried up so rapidly."

He thinks that William C. Bullitt, the present American Ambassador to France, is responsible.

"Bill certainly returned to Paris after his visit home with that belief," said he. "He sold the thought to every American in Paris. It is my business to know what is going on, and I thought the French loan was all over except the actual cashing in. Where did he get the idea?"

George Berry Ready for Action

THOSE who know Maj. George L. Berry, Federal Coordinator and so forth, seem to feel he has been hand-raising another little Blue Eagle. When and if the new NRA comes into existence, Berry will be in a position to ask appointment as 1937's Johnson. Labor's Non-Partisan League, most of which he was, may or may not have helped materially in Mr. Roosevelt's re-election. That was such a comprehensive affair that it was difficult to parcel out credits. But Berry made the first pages through the campaign. He was a side-partner of John L. Lewis, who was also helpful, and as Federal Coordinator he has been reasonably vocal. He was the heir of the 30,000,000 documents left by the old NRA, and he occupies a floor in the Tower Building with a skeleton staff, ready to go into action when reveille sounds.

Works Without Sound Effects

BERRY isn't a desk-blaster and face-twister like Hugh Johnson. Berry's friends say that, if Johnson had devoted less attention to acoustics and more to administration, the NRA would still be at work. That's as may be. Berry's friends say that he is practically inaudible at work, and that he would be able to handle a new NRA without encouraging insurrection. It would be a tough and practical affair under his direction, they say, but not provocative.

Thumb Screws In the Cellar

THE new NRA plans provide for complete sets of thumb-screws and elbow-ropes, according to the somewhat alarmed gentlemen who have been looking into it, but they may be kept in the cellar until the time comes to use them. The draft of the Wheeler-Lea bill, for instance, provides for practically absolute control of advertising by the

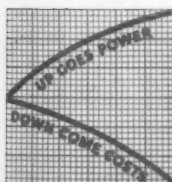
BUY NEW 1937 CHEVROLET

Commercial Cars and Trucks



and get
"MORE POWER per gallon LOWER COST per load"

The outstanding beauty of Chevrolet's New Steelstream Styling—the extra strength and safety of its Solid Steel Turret Top Construction—and Complete Insulation Throughout—all add to that greater dollar value for which Chevrolet trucks are famous.



PERFECTED HYDRAULIC BRAKES — NEW HIGH-COMPRESSION VALVE-IN-HEAD ENGINE — MORE LOAD SPACE — IMPROVED LOAD DISTRIBUTION — NEW STEELSTREAM STYLING — IMPROVED FULL-FLOATING REAR AXLE WITH NEW ONE-PIECE HOUSING (on 1½-ton Models) — NEW ALL-STEEL CAB — PRESSURE STREAM LUBRICATION

General Motors Installment Plan—monthly payments to suit your purse.



You get more for your money when you buy a new 1937 Chevrolet truck or commercial car. That will be perfectly plain to you when you study the accompanying list of Chevrolet features; and it will become even plainer when you examine these new trucks and try one of them on your own job.

Nowhere else at Chevrolet's low prices will you find a truck so safe; or one that combines such great power with such great economy; or one that is so pleasing to the eye. Because nowhere else will you find a truck with Chevrolet's quality features, including Perfected Hydraulic Brakes, New High-Compression Valve-in-Head Engine and new, more modern Steelstream Styling.

Buy one of these new Chevrolet trucks or commercial cars for greatest pulling power and greatest all-round economy. Buy one for *more power per gallon—lower cost per load*. Phone or visit your nearest Chevrolet dealer—*today!*

CHEVROLET MOTOR DIVISION, General Motors Sales Corporation, DETROIT, MICH.

F. T. C., and gives the Commission wide powers to deal with "unfair methods of competition." Wages and hours, collective bargaining, price fixing in voluntary codes, a congressional definition of interstate commerce, will be covered by various bills—according to present plans—which will be written inside the Constitution. Cohen and Corcoran and Keenan say, according to their friends, that it can be done. The total of this legislation could be made to amount to government control of industry.

A Demand for Softer Answers

BUSINESS men coming to Washington report that the objection they voice to certain possible legislation is met by the softest possible answers. They are assured that the powers asked by the executive will not be exercised except in an "emergency." The business men experience a difficulty in accurately identifying an "emergency." They feel that one may be popped out of the hat at almost any time.

It is this constant expansion of requests for authority by the central Government that is at the bottom of much of the opposition manifested by visiting business men to the President's plan to enlarge the Supreme Court. The Court may at times seem rigid in its compliance with the rules as set forth in the Constitution and the precedents, but men are at least able to do business when they know what are the rules. The knowledge that the Court is subject to the whims of a single man—no matter how devoted that man might be—might destroy that feeling of permanence which is the rock bottom of prosperity.

Cooled Offices and Congress

IN THE horse-and-buggy days Congressmen began to figure on going home when their shirts began to stick to their backs in Washington. Air-cooling the offices may have changed that. A man who has been a professional critic of Congress for a good many years said that:

"A good many of 'em will prefer to stay in their nice air-conditioned quarters to going home and facing their constituents this summer. The congressional mail indicates that no matter how a congressman voted on a given subject he will be propped against a wall by a dissatisfied minority when he gets home."

The commentator thinks that air-conditioning may account for the refusal of the House committee to back the Administration's Farm Tenancy bill, and for the high-powered lassitude shown toward the plan to reorganize the government offices and still further centralize power.

Sauce for Goose—Not Gander

ON the assumption that Phil Murray speaks for organized labor—Murray scooped out the butter when Lewis worked the Steel churn—Labor will as violently oppose any future effort to regulate unions as industry has been regulated as it has in the past. But the sit-down success of the CIO may have pushed Labor farther on the road toward regulation than it has ever been before.

"There's no more reason why a union should be incorporated than for a church to be held liable for the acts of its individual members," Murray said. Lewis is reported to agree with him in the argument but to fear that the regulation of union labor will be one of the big issues of the immediate future.

Lewis and Discipline

IT IS no secret around CIO headquarters that John Lewis's eyebrows almost burned off in those days when CIO sitters were seizing the benches in factories all over the country. If and when Lewis gets the CIO members under control he will enforce a discipline like that which pre-

vails in the United Mine Workers, which is about eight times more powerful than in the U. S. Marines. But most of the CIO's are amateurs and whooped into sitting down as one of the great indoor sports of the age and made caustic faces at Lewis when he tried to persuade them to be good. He had to take it and act as though he liked it and when he had to relieve himself he talked about William Green. When he gets control Lewis will put an end to unauthorized sitting, his associates say. He knows that regulation will come if he does not, and he does not want regulation.

Depending on One Fact Only

WHEN the I.C.C. ordered a cut in railroad passenger fares, an increase in railroad passenger business was reported. A good share of the public thought the cut made the business. Railroad executives say that long haul roads profited and the short haul roads lost money. Now the Cleveland Trust company shows that in 1934 passenger fares amounted to 10.6 per cent of all operating revenue. In 1936 they had fallen to 10.2 per cent. The operating expenses had increased because more passengers were being hauled.

Meanwhile \$50,000,000 was added to the cost of fuel and \$204,000,000 to the cost of labor in 1936, among other items of increase. Some pessimists have feared that the I.C.C. made too much whoopee when it shook up one fact.

A Critic of High Prices

OLDTIMERS in Washington were aghast when President Roosevelt singled out the Anaconda Company for rebuke for alleged price boosting. Nothing like it had ever been done before by a President, within the memory of the oldest inhabitant. His criticism of the company was the more noteworthy because at the same time his friends were declaring that he could not properly say anything about the sit-down strikers.

"There is no law," they said. "Sitting down is for the state and local authorities to deal with."

At first glance there appeared to be no law governing the President's comments on the copper situation, either. But an old law was discovered. It was once known as the law of supply and demand. As long as people want to buy copper at present prices the prices will stand.

"If conditions produce inflation we will have inflation," remarked a banker. "There isn't any way in the world by which we can talk ourselves out of it."

All the prices seem to be on the way up. The house painter has been kicking the hitching post because paint prices have been increased 50 per cent.

"How can I explain that to my customers? They'll say I did it."

Making Sure of A Big Navy

NO authority can be given for this statement. The Navy does not stand for quotation. But the Navy cat may be seen licking its lips. Over in the corner are a few yellow feathers:

"The more neutrality laws are passed the bigger navy we must have," is the statement of a man who does not speak for the Navy.

"If another world war breaks out"—about 1942 is the preferred time—"and we try to go neutral the country with the biggest navy will come over and get what it wants. If we try to resist and have only a little navy we get spanked. If we say "Uncle" we abandon the small nations to their fate and truckle to the powerful ones."

So that's why we are planning to build up a big navy. Neutral or un-neutral, up on The Hill they think we'll need it.

WHERE THE BEES DON'T HIVE!

most of America ash can...

prize! We've got to tear three-fourths of the area off our national sales map and concentrate our selling effort at those strategic points where population is concentrated . . . *where sales costs are lowest and profits are highest!*"

Following that sane policy, one year later the company had reduced its huge annual loss to \$1300. Six months later, it showed a profit of \$57,000. Today, dollar for dollar, it is one of the most profitable organizations in its industry.

THE FOREGOING case history may offer a clue to other sales executives who are puzzled by their high sales costs.

The entire subject of concentrated sales effort versus wide distribution is one which deserves serious study. Scripps-Howard, because the circulation of its 24 great newspapers is concentrated in densely populated trading areas, has been able to acquire much authentic and practical data.

From the field, we have compiled approximately a score of illuminating examples of organizations which have increased profits and reduced selling costs by concentrating sales and advertising effort instead of expanding.

A Scripps-Howard representative will be glad to call and present these vital sales histories to any interested executive who will write or phone.

SCRIPPS · HOWARD

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He Could Have Worked Harder

By HERBERT N. PASTEUR

A YOUNG man at 80, Fred L. Maytag, president of the Maytag Company at Newton, Iowa, is having difficulty in shaking off the habit of looking for new fields to conquer.

With the avenues toward success seemingly closed to him when he was 65, embarrassed by huge loans that had sapped his credit, Fred Maytag dared to make startling changes that lifted him out of the hands of his creditors and sent his company back to an important place in its field.

More interested in making men than millions, he sits at his desk every morning opening scores of personal letters with enormous, gnarled hands that betray his boyhood experience as a sod-buster.

Many call him "F.L."; hundreds know him as "chief."

Thousands of men in his nation-wide selling organization consider him more approachable and sympathetic than their parents. Out in South Dakota, a Maytag salesman is elated over a blessed event and writes him—not as head of the company but as a personal friend, paternal in his interest, to announce it. Another letter, from a retail appliance salesman of Denver, reports a death in his family. A veteran on the pay roll tells of good luck on a fishing expedition. A young salesman who wants to start a business of his own asks the "old man's" advice.

This mail is duplicated every day. Fred Maytag answers letters from everywhere about everything that involves the ambitions, successes, failures, obstacles in the lives of the ten thousand dealers and salesmen of the Maytag organization. Only occasionally does the weight of his other duties interfere.

Maytag can never retire. It is not in him. He is at his desk daily—some



Fred L. Maytag



An idea and \$1,200 started the Maytag business here

THIS story of the life of Fred L. Maytag was in type at the time of his death. We are printing it just as written. It is in no sense an obituary. It is rather a salute to a man who, through his honesty, his enterprise, his philanthropies, lives on

desk, either at his office at the factory, at his summer home in Lake Geneva, or in his Chicago hotel apartment. Wherever he hangs his hat he sets up business.

Started work early

IN THE early '60's Maytag's father took the family on an adventuresome trek from Mattoon, Ill., to Marshall County, Iowa, by prairie schooner, with the family cow hitched to the tailboard. Along the way, Fred and his brother tangented to pick crab apples, nuts and wild grapes. He arrived on a land pestered by Indians to help clear an Iowa homestead.

Determined to plow a clean furrow in this virgin ground, young Freddie was almost overwhelmed by the red roots of matted sod. Time after time he pulled back the heavy double-trees and cumbersome plow when heavy

roots threw him off a straight line. Tears trickled down his cheeks while his back ached and rebelled at treatment that would even make horses strain and balk.

Nevertheless he had 80 acres of broken prairie sod to his credit before he was ten years old. And that is a lot of ground.

Maytag enjoys reliving those pioneer tussles. He could out-throw others at corn-gathering time. He won many husking contests. He did the work of two men on the old time Marsh harvester. Perhaps that is why his hands are so large and powerful today.

While still a boy, his ability to memorize Scripture marked him as a prospect for the clergy. The dominie of his Evangelical church convinced his parents and he was hustled off to college to learn the rudiments of ministering to his flock. But young May-



To a man who looks older than he is

IF YOU have shaved by the old method, Nature has given you a tough, calloused and scaly skin to protect you from the blade. This artificial skin is older-looking than your own natural skin.

Continuous use of a Schick Shaver for a period of time—generally two to four weeks—gets rid of most of this old skin. The action of the Schick is as gentle as rubbing your face with your finger tips, so the dead skin flakes off until, over a period of time, it is entirely discarded and a new, more youthful skin takes its place.

Then you can shave much easier, quicker and closer, and your face

has a different and better appearance.

BUT THAT ISN'T ALL

The sheer joy of shaving with a Schick is its vital priceless advantage. It has no blades—so you cannot cut or scrape yourself. You need no water, soap, lather or creams. It shaves up and down with a *double stroke* that shaves faster. You can shave with your collar on or in the dark. Twice-a-day shaving is just as pleasant as once.

SAVES MONEY, TOO

Our records show years of shaving with a Schick at no cost except less

than a *dime's worth of electricity a year*. One man told us he shaved 2000 times. Another had 1500 shaves for \$15—a cent each—and his shaver is as good as new.

How could shaving cost less?

GO TO A DEALER TODAY

Ask him to tell you *all* the reasons why you should use one. Let him show you the proper method of using the shaver and it will take only a few days for you to acquire the knack of fast, close shaving.

SCHICK DRY SHAVER, INC., STAMFORD CONN. Western Distributor: Edises, Inc., San Francisco. In Canada: Henry Birks & Sons, Ltd., and other leading stores. (Canadian price, \$16.50)



tag rebelled. One term sufficed. He had other ideas on how to minister to the public. He believed that just as useful Christian service could be performed in business.

Realizing that success comes by answering basic needs, he has always kept an eye cocked for chances to improve human affairs. As a boy, feeding bundles into the thresher, he saw the danger of getting hands slashed by a nervous band cutter. Consequently, when George Parsons, a fellow Newtonian, about 1893 patented an automatic self-feeder and band cutter, no one was as quick to see its possibilities as Maytag. He put up half of the cash for a \$2,400 cor-

poration of which he was made secretary.

That small start ballooned into the great washer factory of today, the actual, direct outcome of a farm boy's keen observation.

There was no difficulty making 150 of the newly patented machines, and in selling them. But there were service troubles, collections were slow, the partners, Parsons and two others, had other interests. F. L. Maytag persisted, found himself general manager by a virtual process of elimination.

He put a prime mortgage loan of \$5,600 into the treasury, soon had 28 thresher manufacturers paying

royalty for use of the machine as original equipment. Then a rival appeared, made in Halstead, Kan., and named, by someone who knew his Bible, the Ruth. F. L. Maytag bought the company for \$80,000.

But this merely accentuated the seasonal nature of the business. It was increasingly difficult to keep together a competent factory force or an efficient selling organization. Maytag, looking about for a product that could engage the manufacturing and selling attentions of the same men, chose washing machines, made then of wood.

First he made hand-power washers, then belt-operated, then washers run by a simple little two-cycle gas engine he found while he was on one of the business trips he made frequently then, as he does now.

Expanded market

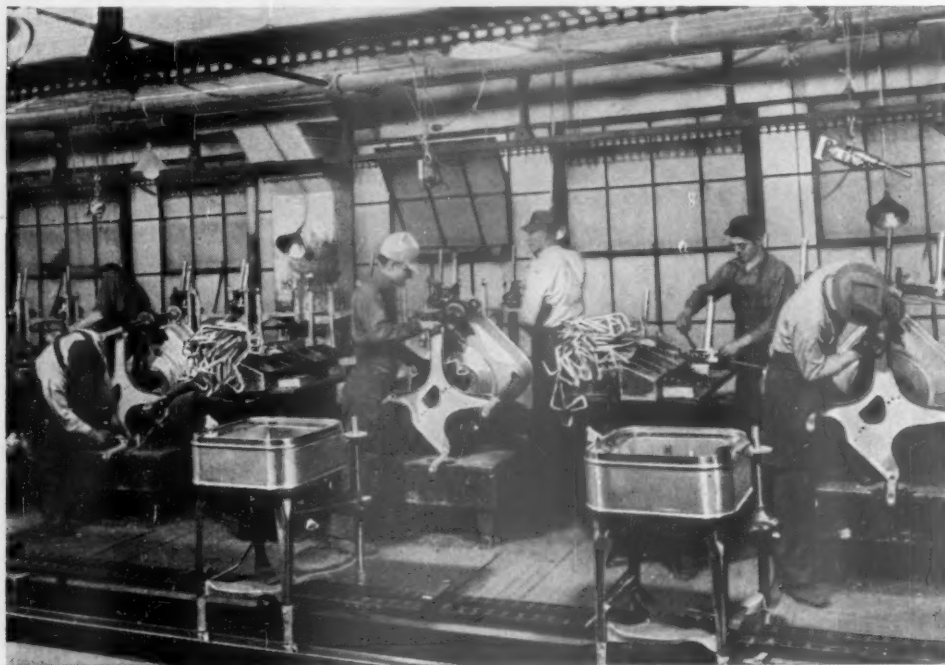
THE little motor showed him the way into the immense farm market, with its big weekly washing requirements, its millions of overworked women pathetically eager to be freed from the greatest drudgery to which any housewife can be subjected.

Like Napoleon, who, defeated at three o'clock in the afternoon, turned to his aide with the comment that there was yet time for success before sundown, Maytag has often seen the chance for victory in the midst of failure. Faced with his company's threatened failure when he was 65 years old, Maytag dared to bring out a revolutionary washer model and change the customary merchandising methods of the entire industry.

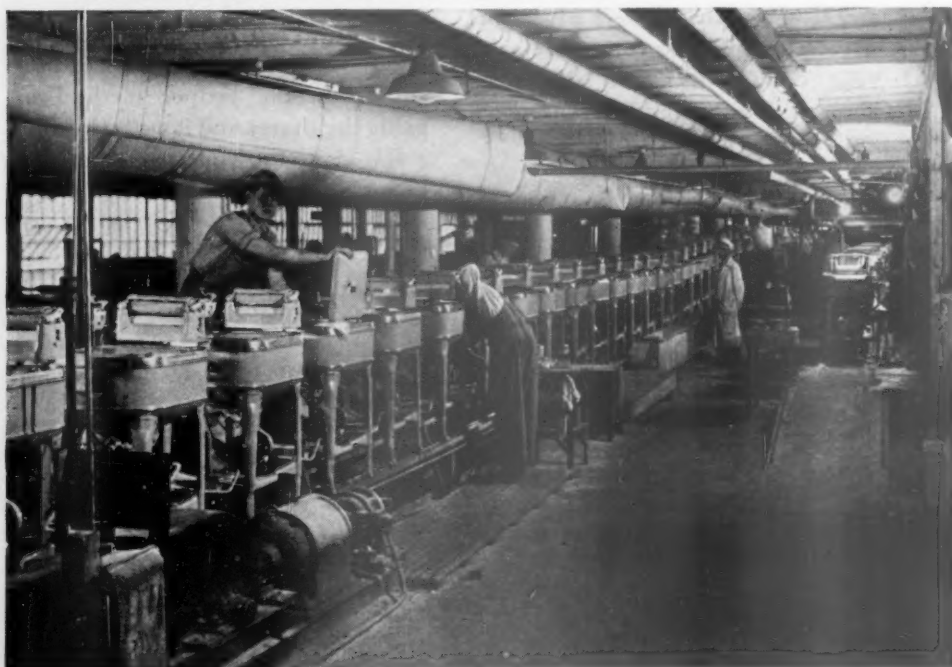
A few years later he insisted on sight-draft billings from dealers and gave every dealer the advantages which come from no bad account losses. He originated the Maytag resale plan, assigning a salesman to individual dealers to help resale of the product.

These two services helped to remove financial and selling obstacles and Maytag sales jumped from an annual volume of \$2,500,000 to \$54,000,000 in four years.

When experts told him it was impossible to cast an aluminum tub, he went to work with his own engineers, designed his own plant equip-



Square aluminum tubs (men said they couldn't be made) start through the factory assembly line. Below, the end of the line. Here the washers pass over a hump, the legs fall off and the tub is set in a crate



Only a pair of hands ... but insured for a million



Can't drive nails . . .
work a typewriter . . . cook
or sew. But they can
weave magic patterns
of melody to delight your
ear. Such skill is price-
less. We can't play the
piano or paint a picture.
But we can brew a beer
to delight your palate
with its distinctive taste,
matchless bouquet and
unmistakable quality.
We not only can, but do
— and you and all the
world know its name.

MAKE THIS TEST!

DRINK Budweiser FOR FIVE DAYS
ON THE SIXTH DAY TRY TO DRINK A SWEET
BEER. YOU WILL WANT Budweiser's
FLAVOR THEREAFTER.

Order a carton
for your home
NO DEPOSIT
REQUIRED

AS YOU LIKE IT
In Bottles In Cans



Budweiser

AMERICA'S SOCIAL COMPANION

A N H E U S E R - B U S C H • S T . L O U I S

ment, and then built an aluminum foundry which melts more than 60 tons of aluminum daily.

Once he has determined upon a course of action, Maytag moves with a speed and force that leave even his own men gasping. When Howard Snyder, the company's mechanical genius, developed the gyrafoam washing principle, Maytag decided to turn all production over to this revolutionary model.

Always, until then, washers had pushed clothes back and forth through the water. The new method placed the actuating mechanism in the bottom of the tub, operated so that water was impelled through the clothes. The process was developed

in a square cast aluminum tub, to break up the rhythmic surge of the water and create new currents turning and twisting the articles to expose every portion to the flushing action of the water.

Determination to sell

CRATING a demonstrator model, Maytag highballed west with the farewell word that he would not return until he had written a carload order. Dealers in Denver, Salt Lake City and Los Angeles shied away from the machine. In Oakland, Calif., he found a merchant with his kind of vision. The Californian bought a carload, and made a fortune as the state

representative of the Iowa manufacturer.

Back in Newton his associates argued to no avail when he ordered all other models discontinued.

"If your mind is made up, what's the use of discussing the matter further?" They finally shrugged.

Mr. Maytag knew a great market was awaiting the person who could show washday ease to millions of women. But his washer was being offered at several times the price of other machines.

He saw he would have to show the new prospect what the machine would do for her before he could expect a growth of public demand for

(Continued on page 172)

A New Home Every Day

In ten years retail stores have increased in number from 50 to 200

Tracts that not long ago were farm land have been turned into attractive developments which lure 500 new families a year



CITIES which are looking for new industries may be looking too far afield. Possibly their own vacant lots may be raw material for an industry, frequently overlooked, which, in West Hartford, Conn., is substituting nicely for factory chimneys in providing pay rolls and prosperity. The residential annex of the "insurance city" has made an industry of building.

The result is a building boom of such proportions that a new home is started every day. Proof that the boom is justified lies in the fact that new homes are selling as fast as they are built. They average in price around \$10,000 although \$20,000 homes are common and those selling for \$100,000 are not unusual.

Even before the 1936 upswing in building, West Hartford had established a record by constructing 8,236 buildings of all classes—costing \$27,258,000—in the seven-year period ending February 28, 1935. The present boom is inspired not only by confidence in the future but by the town's economical form of government under a town manager-council system, a fair valuation of real estate, a tax rate which, in 1934, hit a low of 16 mills, city planning and modern zoning ordinances.

As a result, the town is attracting some 500 new families each year, the number of retail stores has increased from 50 in 1926 to 200. Population is expected to reach 50,000 by 1945.

no longer plods his weary way

THE WORLD MOVES FORWARD WITH STEEL

A CENTURY AGO 80% of all the people in the United States were farmers. It took that many, working from dawn to dark, to provide the nation's food.

Today 21.5% of the people do more than the 80% formerly did—and do it much more easily. Farm machinery has made the difference.

The story of farm machinery is largely the story of steel. Take tractors, for instance. Twenty years ago a "medium" sized tractor weighed from 3 to 5 tons. The use of stronger, lighter steel parts instead of heavy castings has produced tractors weighing *half* as much which do *twice* as much work. Not only weight but price has come down. For the cost of a medium-sized tractor in 1917, a farmer can now buy a better, much more useful tractor—and have enough money left over to pay the cost of its operation for several years!

The laboratories and the men in the mills of United States Steel have not only helped to bring about tremendous changes in the cities, but have played a part in the transformation of farm life as well. What used to be a hard way of making a living has become a more pleasant and profitable way of life—owing in part to the development of tougher, stronger, more durable steel.



AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY • CANADIAN
BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA
STEEL COMPANY • CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND
DRY DOCK COMPANY • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY
SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY
UNIVERSAL ATLAS CEMENT COMPANY • *United States Steel Corporation Subsidiaries*

UNITED STATES STEEL

Minneapolis Sells Its Visitors Fun



Stilt walkers from Brainerd, the Paul Bunyan area, advertise their town

"C'MON over and have a good time," said Minneapolis to the smaller towns and they came by thousands to see the baseball game and enjoy a holiday.

Something new in the field of civic exploitation is Minneapolis' "On to Nicollet Park" contest now entering its third year. The American Association Baseball Team is the primary attraction. In its second year the contest brought 10,000 visitors from 50 different towns.

On the theory that Minneapolis should be alert to the cementing of friendships with smaller towns of the trade area, business men are giving their time freely to entertaining the visitors to the baseball park.

All the "On to Nicollet Park" committee asks from the out-of-town fan is that he buy his own baseball ticket, which he gets at a reduced rate. Each visitor is asked to sign a card with his name and home town on it. These cards form the basis for rating towns in attendance, and the winners in various classifications get silver cups.

The chairman of each local delegation sees to it that his own delegation has a well emphasized home town atmosphere. Led by police escorts, delegations of from 100 to 750 parade through the business section to their hotel headquarters where they are served free beer and Coca-Cola. Minneapolis citizens watch with interest as each town tries to outdo the other in spectacular stunts that help to advertise their various communities.

Some delegations offered prizes of \$5 to every player who knocked a home run; sacks of flour, cases of Minnesota peas and gifts of cheese were other offerings for prowess in the batter's box. BEN FERRISS



Rabid baseball fans from 50 neighboring towns made life miserable for umpires



Marching clubs and bands from summer resort towns in the Land of 10,000 Lakes gave Minneapolis a continuous "good time" atmosphere



At the close of the 1936 small town contest these representatives from all over Minnesota received the winners' trophies

MINNEAPOLIS STAR PHOTOS

SOCIAL SECURITY EMPLOYEE DATA OBTAINED AUTOMATICALLY

with punched cards

HOW

Day-by-day facts pertaining to each employee are recorded in cards in the form of punched holes. This accurate record, when placed in International Electric Bookkeeping and Accounting Machines, automatically provides the finished payroll and, at the same time, any Social Security data required.

WHAT

The machines compute and print automatically such information as: Hours Worked, Gross Earnings, State Unemployment Compensation Deductions, Federal Old Age Benefit Deductions, Net Amounts Payable.

WHEN

Complete payrolls and Social Security reports are available promptly after the close of any period.

To speed up the preparation of Social Security records, and to be assured of both accuracy and economy, investigate the International Electric Bookkeeping and Accounting Method. Through the medium of punched cards, this modern machine method is bringing speed and efficiency to scores of important procedures. It is serving thousands of businesses and governmental agencies in all parts of the world.

Up-to-the-minute FACTS

The simplicity and positive electrical machine operation make this method ideal for requirements which demand up-to-the-minute facts in detailed form. Call your nearest IBM office for a demonstration, or write for the names of businesses similar to your own which are benefitting by this modern accounting method.

A Part-time Machine Service

The advantages of punched card accounting are also available through the IBM Service Bureau. Branches of this Bureau are located in principal cities and are equipped with International Electric Bookkeeping and Accounting Machines. This Bureau stands ready to cooperate with you in the preparation of detailed records and reports on a complete-job or part-time basis. New, illustrated folder—A Fact Finding Service—mailed on request.

GENERAL OFFICES: 270 BROADWAY, NEW YORK, N. Y.
BRANCH OFFICES IN PRINCIPAL CITIES OF THE WORLD

INTERNATIONAL
BUSINESS  **MACHINES**
CORPORATION

Inventories and Rising Prices

By RICHARD J. MAYER

Commodity Editor, the Wall Street Journal

YOUR 1937 dollar and mine will probably buy less in terms of finished goods than it did last year. The primary reason for this will be the sharp commodity advance which started late in 1936 and which has continued through the first two months of this year. A secondary influence will probably be the increase in labor costs. The necessity for these wage increases also stemmed from higher costs of living.

Despite the abrupt upswing in the commodity price level, which began from a low base around November 2, the consumer's troubles with footing bigger bills may be less severe than those the manufacturer now faces in connection with the purchase of raw necessities. In some instances, the manufacturer may have to bear almost the entire brunt of the higher commodity prices.

The chocolate manufacturer is a good example. Unless this candy-maker accumulated a large stock of cocoa beans ahead—and relatively few did for any long period—he may have had to pay as much as 60 per cent more for his requirements than he did on November 2. On the other hand, this manufacturer has an unfortunately stable sales market. The five-cent bar of chocolate is an institution. During the depression, the cards worked the other way. Manufacturers were able generally to maintain bar prices but, in return, passed out a dividend in the form of a few more ounces of chocolate to each package. Quietly, some have lately been shaving the bar back to original size.

In spite of this—or perhaps because of it and a maintenance of juvenile chocolate appetites, plus more spending money because of booming business—chocolate sales have increased. Statistics reveal that 1936 represented a record year for cocoa consumption, with 1937 prospects at least equally bright. Thus, working on increased volume, it is possible in this particular instance that both the manufacturer and the consumer

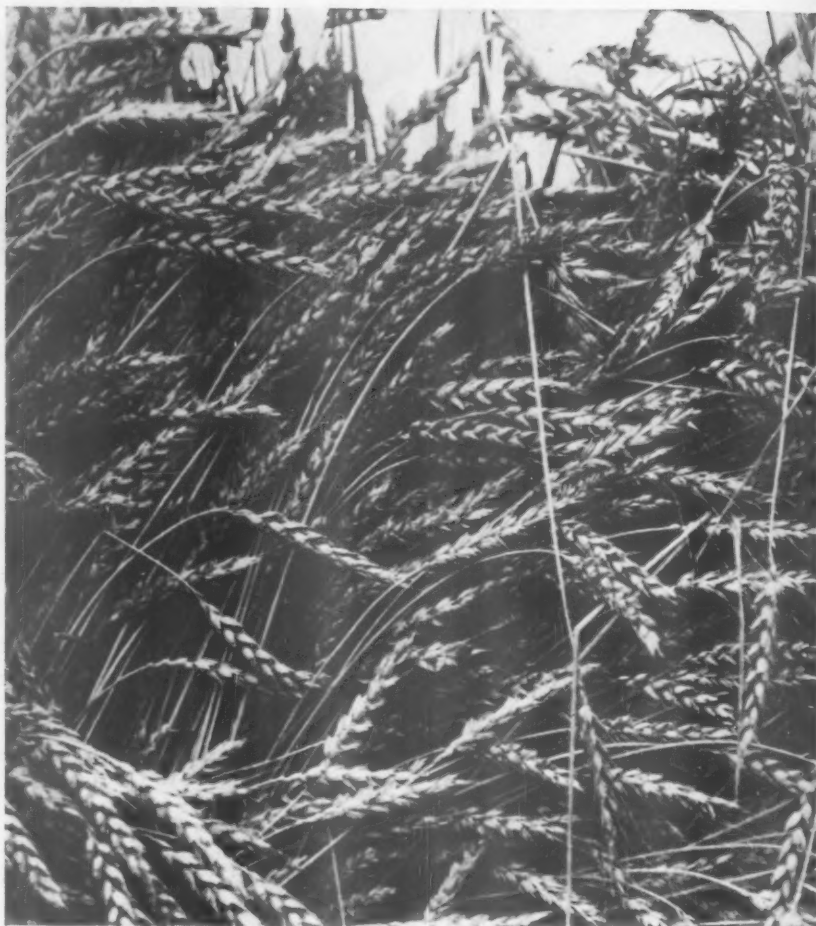


PHOTO BY CULVER FROM NESMITH

EVEN if this year's wheat production reaches record figures, other factors may combine to increase the price we will have to pay for bread

may get a break at nobody's expense.

That, however, is an exception. Let's take the case of wheat, which has a good bit to do with regulating the price of our daily bread—although perhaps less than you or I might assume. A Department of Commerce survey reveals that 26.7 per cent of the cost of a loaf of bread is represented by flour; that the difference between a pound loaf of bread made from \$1 and \$1.50 wheat is only \$.0075.

Despite a rather sharp wheat price advance, bread prices have not yet advanced. It is pretty plain, however,

that the bakers will have to jack up bread prices next summer if they would remain in profitable business. The large bakers are surprisingly far from eager to raise prices of their finished product, particularly in the East where consumption has been possibly hit by unseasonable weather. Because these bakers bought enough flour before the boom to cover them until June 30, they can afford to operate on the old basis for the time being.

Furthermore, they are convinced that a fairly large domestic wheat crop next summer—which is reason-



There must be something to it

3,000,000,000 pieces of mail can't be wrong. Think it over—the adhesive postage stamp was adopted in 1847 before the advent of the typewriter, telephone, adding machine or loose-leaf ledger. Its use in business today is the lick-and-stick method of ninety years ago.

A modern Meter Stamp, in place of the old fashioned postage stamp, means that the mailer has taken advantage of the faster and safer postal service now afforded by the Government. It denotes efficient mail preparation and a definite protection against postage losses.

Write us on your business letterhead and we will mail you a booklet: "*Facts for Executives*".



PITNEY TRADE MARK BOWES **MAILING EQUIPMENT**

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PHOTO BY SCACHERI FROM NESMITH

AN increase of more than 30 per cent in the price of steel scrap has been as important as higher wages in recent increases in the price of steel

able to assume with 57,187,000 record-breaking acres seeded to winter wheat in the Southwest alone—their next crop year's flour stocks can be bought more cheaply. Thus, they figure that, if the bread price were raised now, it might have to be cut again next summer and frequent price changes are considered harmful to consumption.

A delayed price increase

BAKERS using this logic disregard several things. First, in times of recovery, labor and distribution cost invariably become swollen. These items are at least as important as the cost of flour in setting the price of bread. Second, although a large acreage was seeded to wheat in the Southwest last fall, there is no assurance that dust and drought may not wreck what appears to be a bumper prospect. Should this prove to be the case, the prevailing sharp discount for new crop July wheat futures in Chicago under current old crop May deliveries in the same

market (14 cents a bushel at present) would speedily be narrowed. In that position with short supplies in sight for the new crop year, flour prices would undoubtedly remain stable for after-July delivery. Thus, the bakers—having no more cheap flour—would have to make that belated price increase. Furthermore, there is a third possibility:

Even if a bumper wheat crop is raised this coming summer, that does not guarantee that flour prices will decline because the cost of flour is determined, not only by the price paid for the wheat used in it, but by the sales prices of such flour by-products as mill feeds, bran and shorts. One reason flour prices increased less than wheat this winter was that mill feeds advanced to the highest figures in years.

But current high mill feed values are likely to be only temporary. Demand will probably taper off and prices may go into their usual seasonal decline which comes each spring as grass replaces other feeds.

One reason was that high mill

feed prices has been the relatively low rate of flour operations. This has kept supplies limited even though demand was not extraordinary. That demand was not too active can be attributed to the fact that prices became so high in relation to hog and egg values that feeders of pigs and chicks did not use as much mill feed as usual.

Furthermore, demand for Argentine wheat and corn by Europe was so active of recent months that it was hard to obtain the tonnage to ship mill feeds here. This situation is now correcting itself and more mill feed imports may soon be expected here to relieve a tight supply and price situation.

Now what will a continued decline in mill feeds mean to the large baker who only wants flour from the mill? Simply this: If the mill finds that the prices it receives for mill feeds are considerably lower—and, with prospects of good corn and coarse grain crops next fall, that is likely—it must tack on something to flour costs and sales prices to make up for it.

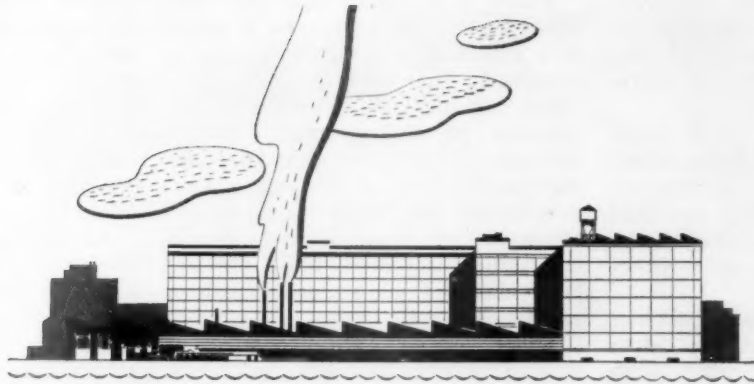
About the only combination that could produce lower 1937 crop flour prices to the baker would be a bumper wheat crop and stable or rising mill feed prices. That combination is hard to envisage but, unless it occurs, you and I will have to pay a bit more for a loaf of bread.

Steel products are higher

THOUGH you will definitely pay higher prices for finished steel products this year than last, manufacturers in this line have little to complain about. If anything, the commodity rise was a godsend to them since it has enabled them to string along with other finished processors in raising prices while actually their own costs of production were not much increased.

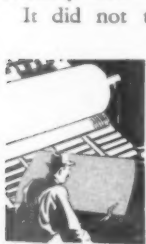
It is true that steel has raised the wages of its common laborer to 62½ cents an hour, the highest scale ever paid. However, raw products constitute a large share of the steel costs. Only in those which it must buy is the company at a disadvantage. Most companies either own their own mines or have long-term contracts for some materials, say on something like a 50 or 99 year basis. It is true that costs of coke have gone up. Some steel concerns buy this product, but most of them have their own mines. Coal mine wages also have increased somewhat. However, rail freight rates have not gone up much.

Behind all this is the fact that steel costs invariably decrease as production increases. In other words, it cost more to make steel even with lower wages and coal prices during



Products without wheels need PROVING GROUNDS too

Just a little less than fifty years ago the founders of this business started to produce virgin aluminum in ingot form, which they expected to sell to manufacturers in many lines for use in their products.



It did not take these pioneers long to discover that if they were going to build a broad market for this newcomer among the common metals they would have to offer aluminum to industry in many finished and semi-finished forms.

That is the reason we are today engaged in several branches of the aluminum industry.

For example, we make cooking utensils. More than forty other companies also make aluminum cooking utensils. Many of them buy from us the necessary aluminum ingot or the aluminum sheet. Others use aluminum imported from abroad. The flourishing condition of the aluminum cooking utensil industry proves that there is room enough for all of us who are thus engaged in providing better cooking accessories for American homes.

The first few aluminum cooking utensils were made in a corner of our mill, back in the 90's, to demonstrate to one of the successful manufacturers of iron utensils that this "new" metal could be wrought into a lighter and better product. Women liked the new, light, silvery metal; the seeds of a new industry were sown.

Today many thousands of people gain their livelihood in the forty odd companies which compose the alumi-

num cooking utensil industry. Millions of American homes use the excellent utensils made by these other companies and benefit three times a day from the fact that aluminum is friendly to food.

Similarly and unavoidably we began the manufacture of other forms of aluminum, such as sheet, tubes, and wire; electrical conductors, bottle caps, chairs, and many others. Of necessity we undertook risks which we could not expect others to take, in order to find new fields of usefulness for the aluminum we were producing.



Often when the rightness of aluminum had thus been demonstrated, other manufacturers entered these fields, attracted to a new market in which the education had been begun and demand had been stimulated. Their constructive competition has in turn greatly contributed to the broadening of aluminum markets.

Our fabricating plants are a permanent and necessary part of the company's operations.

They are the practical proving ground for the whole research program of this company.

They are the breeding ground for a multitude of improvements in shop practices which are helping all manufacturers who make things of aluminum.

They are the clinics into which come many of the difficult cases which most fabricators consider unprofitable but which are unavoidable in any new and important development.

Products without wheels need proving grounds, too.



ALUMINUM COMPANY OF AMERICA



the depression when the companies were working at 15 per cent of capacity than it does at present when they are operating on a basis of better than 85 per cent.

Let's bring the story closer home. Look back at your check book. Didn't the new suit you just purchased cost from \$2 to \$10 more than you paid for last year's best? The primary reason—a 15 to 20 per cent advance in wool.

There is evidence that consumer resistance to higher clothing prices is crumbling rapidly, what with higher bracket incomes. In any event, wool goods mills entered 1937 with unfilled orders on their books for 40,000,000 linear yards of men's wear fabrics and with about a 15,000,000 backlog on women's wear. Furthermore, good initial business was done on fall lines, which were opened early in February for first sales. Some clothing manufacturers placed "at value" orders with mills, covering part of their needs for the fall-winter season of 1937. Thus, many mills which failed to finish in the black in 1936 got a bangup start for this year.

Whether your bills will increase faster than national income will probably depend to a large extent upon the prices of raw materials. And there have been some mighty fancy increases in these values. But let William A. Irvin, president of U. S. Steel Corporation, tell the story behind the increase of \$3 to \$8 a ton in finished steel products that became effective April 1. It illustrates the importance of raw material costs.

Although advances to labor in the matter of higher wages and shorter hours are a compelling factor, a price rise was inevitable due to the fact that quotations on scrap iron have risen from \$14.96 a ton to \$19.88 since February 1, 1936, and that was accompanied by an increase of more than 60 per cent in the cost of copper, 50 per cent for lead and zinc, 20 per cent for refractories and corresponding increases in the cost of coal, coke, limestone, lubricants and other needed materials.

Higher costs may be passed on

STATISTICIANS figured that the recent pay boosts would add \$3.50 a ton to finished steel costs. But with the price increases, it seems that a good share of this burden will work back on the consumer.

It boils down to two things:

First, how well can the manufacturer of these products supply himself with raw materials?

Second, how much in the way of increased costs will the consumer bear?

The manufacturer's headache is as bad as the consumer's. In scanning the raw product outlook ahead, he must consider a number of factors.

There is no doubt that the commodity price advance was a result of a buyer's panic. There is a lively possibility that this complete turnabout from the consumers' depression psychology may continue throughout 1937. Certainly, supplies for the first half of the year appear insufficient to fulfill consumptive needs without drawing on small and firmly held reserves, most particularly those of wheat, cocoa, rubber and hides.

There were several reasons for the sudden heavy raw staple demand. A primary influence was booming trade in industries that required large commodity stocks as raw materials. Their inventories had been slimmed off to a "safety first" depression minimum, utterly inadequate to cope with the tremendous retail buying power that suddenly developed. They not only had to obtain the needed commodities to fill their increased business requirements but also to build up inventories.

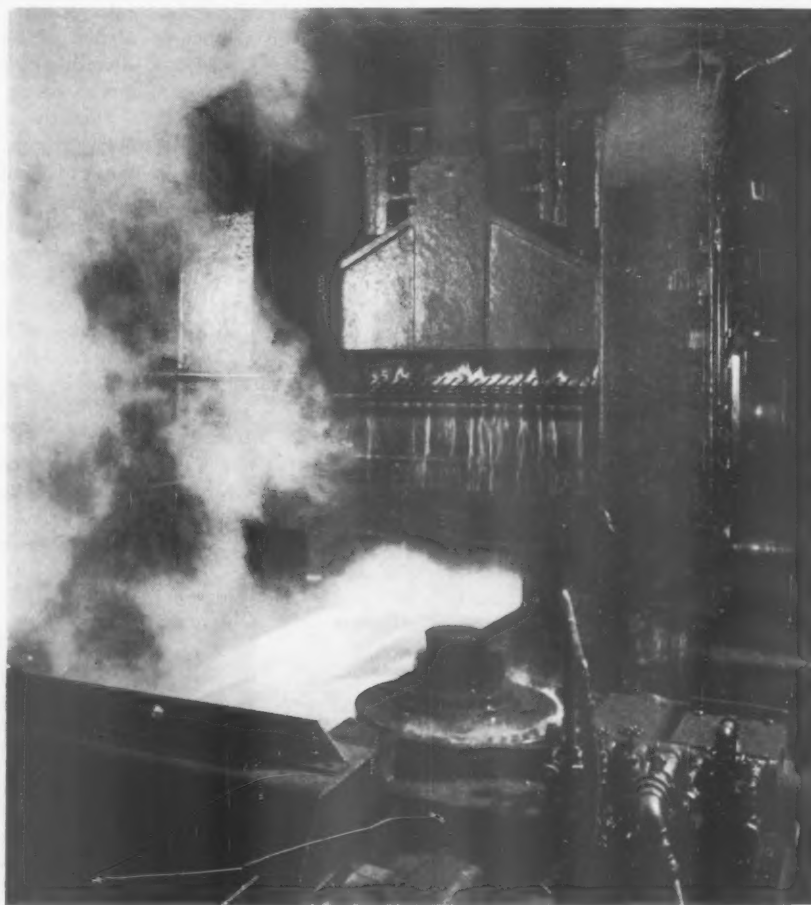
These efforts came at a time when waste, destruction, federal acreage

control or drought had reduced available supplies. Groups of conservative manufacturers, who had previously bought from hand-to-mouth, found modest inventories rolling up handsome profits; joined the band wagon and began to add to reserve stocks. Speculative action also added its part.

Another important reason behind the heavy raw staple demand was Europe's belated restocking of its commodity reserves—down to a dangerously low margin of safety. A glance at some of the Continent's increased purchases reveals that war scares have undoubtedly stimulated the demand. The purchases include wheat (bread needs are always increased in war times, and home crops are probably smaller than during the World War since current strife is raging over large grain producing belts like Spain).

Other items that Europe is buying heavily include cocoa (chocolate is a conveniently small but nourishing article for the soldier's knapsack);

(Continued on page 182)



JOHNSON & JOHNSON

IN spite of the fact that steel costs decrease as production expands, the price of finished steel products promises to be higher this year

The Natural
industrial center of the West

Metropolitan Oakland
...including BERKELEY the Home of the famed University of California

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EVERY executive of your company who counsels on the manufacturing and distribution of your product should have a copy of this book. It furnishes the data maps and photographs that show why Metropolitan Oakland, California, has been chosen by scores of nationally known manufacturers as the best Pacific Coast location for their factories and distributing plants.

Metropolitan Oakland is "The Natural Industrial Center of the West" because it is

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The riverways center...river boats provide low-cost transportation to inland cities and agricultural sections.

The airways center...Oakland Municipal Airport, the Alameda Naval Air Base, and trans-Pacific, nation-wide and coastwise aviation companies center here.

The highways center...paved highways to California and Coast points make truck deliveries easy and economical.

The industrial site center...43 miles of sites parallel mainland waterfronts. Improved, unimproved, waterfront, tideland and inland sites.

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METROPOLITAN OAKLAND

...including BERKELEY the Home of the famed University of California



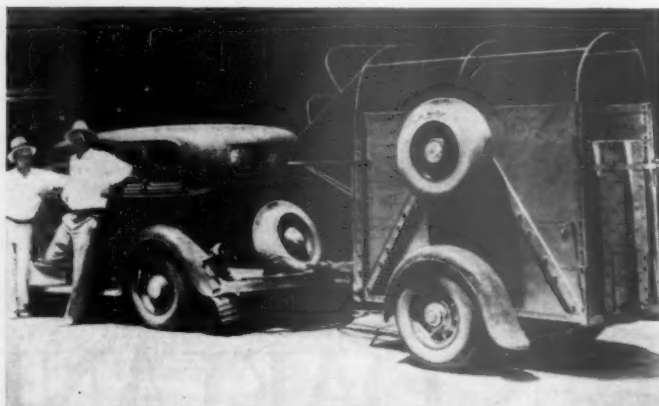
BAUER & NESMITH
Successors to liquor as an illicit commodity, onions are now one of the two most popular commodities for smuggling—the other is beans



One of the few photos ever taken of smugglers at work, this view shows a cargo of liquor loading for America in the days of prohibition. It was taken in Antwerp



WIDE WORLD
Watches are popular with smugglers. The hollow sides of this crate hid 182—but it didn't hide them well enough to get them by



WIDE WORLD
Customs inspectors can't be everywhere but they can try. Those on the Mexican border carry horses in trailers such as these. When the car can go no further, they proceed on horseback

The Onion Turns to Crime

SYLES in smuggling change in cycles just as definite as do styles in women's clothing.

For instance, in the early frontier days, many a herd of cattle was slipped over the border. In some cases the cattle had been stolen, making the crime double. During the recent drought years cattle again became a smuggling subject.

Tariff laws are a powerful factor in determining just what items the customs officials will chase at a given time. Before the diamond tariff was lowered in 1930, approximately 50 per cent of all retail sales of diamonds were smuggled stock, Treasury officials say. After the law was changed diamond smuggling did not offer enough profit to justify the risk.

The prohibition law is another instance of sudden change in smuggling. For years bootleggers made a profitable business of smuggling liquor.

Then came repeal, and the smuggling stopped almost within 24 hours. Now, over the paths that formerly were rum roads, the illicit traffic is ONIONS.

Just as Canada gives the officials trouble with onions, so Mexico, in a smaller way, bothers them with beans. A lone peon with a sack of beans on his shoulder is hard to follow and apprehend.

Not only has there been a definite long time cycle but there are certain seasonal trends. Around Thanksgiving and Christmas many turkeys are "shooshed" across the Canadian border.

Smugglers do not carry goods in just one direction by any means. There is a steady traffic in American cigarettes and silks to all parts of the world. Most of the cigarettes that go to Europe are sent through Canada and silks through Mexico.

But the agents must be ever alert, for when they think they have stopped the leaks through which one kind of objects have been passing, new leaks and new products are found.

R. E. HENDERSON



L. P. Reese, ex-jiggerman

Prosperity in a Coffee Cup

By DONALD MACGREGOR



A few businessmen who donned overalls to refurbish the old factory pose with Reese (in shirt sleeves) who made the dream come true

HEREBY we lift our hats to the town of Scio, Ohio, and offer this story as evidence refuting the old and accepted theory that you can't lift yourself by your bootstraps

THE BANKER, the doctor and dentist of Scio, Ohio—as well as the butcher, the baker and candlestick maker—donned overalls and canvas gloves four years ago and rebuilt a defunct and outmoded factory into one which would permit the economical manufacture of cups and saucers and other earthenware for table use.

They, and the other leading citizens of the town, had had enough of hard times and were determined to see that the people should have something to do. They found a man they believed could operate the factory, arranged for him to buy it on easy terms and pitched in to give him a start. They swept the floors and hauled trash to the junkheap. They carried bricks, mixed mortar, sawed lumber and painted the walls. Then they provided, as a loan, the money to meet the first operating pay roll.

The success of the rebuilt factory revitalized the town. Now, 510 persons earn their living there—half of Scio's entire population. Others have found work in enterprises which supply their needs, among them 15 who are employed in a newly-erected second factory making cardboard containers for shipping the earthenware.

The town has grown from less than 800 to almost 1,100. Those who had gone elsewhere for jobs have returned to their families. The 55 houses that had been vacant



Placing unfinished ware on conveyors which carry it to the automatic kilns. In this plant one burning suffices; most others use two



Business is good along this main street. On side streets houses long vacant are now occupied and more dwellings are already needed

PHOTOS BY WES GREEN

now are occupied and more are needed since many workers must commute from other small cities and villages.

Scio's monthly pay roll, which previously consisted of the meager earnings of the pipeline crew and the section gang, now is between \$45,000 and \$50,000. The resources of the town's only bank have jumped from \$283,000 to \$524,000.

Of course Scio is joyful—particularly so because time after time it has had high hopes only to see them crash.

Scio, in appearance, is somewhat an ugly duckling. It is sprawled on the side of one of the western foothills of the Alleghenies and its streets, lined with unpainted frame houses, wander aimlessly. The fast passenger trains roar through without stopping, the red signal lights at the crossings blinking furiously. The crooked gravel road leading in and out of the town is a secondary highway. Just outside town some people have iron pipes stuck in gas wells in their yards, creating torches that burn day and night.

It is in a county (Harrison) which produced Edwin M. Stanton, Lincoln's Secretary of War; General George A. Custer, ill-fated cavalryman of the Little Big Horn; and Clark Gable, the movie actor. It helped begin the movement resulting in national prohibition, State Senator

Beal of Scio having induced the Ohio legislature to enact one of the country's first local option laws.

It is dry today, but the state liquor store in Dennison, Tuscarawas county, gets a third of its business from the Scio area. The coal around Scio is second rate, leaving excessive ash. The nearby farms are ravished every year or so by heavy rains which dig away the top soil and flood the scrubby bottomland.

A struggling town

SCIO—pronounced "Sigh-o"—originally was called New Market, but changed its name when Scio College was formed. The clergymen who founded this Methodist institution of learning selected the name from the Latin word *scio*, meaning "I think;" and for a time everybody thought it would be a center of education. The college, after a struggle, moved to Alliance, two counties away, and was consolidated with Mount Union College, also Methodist.

Oil, for a time, was a hope. Its presence had been suspected, due to various geological conditions, and Pennsylvania prospectors drilled many test wells on the surrounding farms. They struck oil and gas! Then the thrill subsided, for production was scant. Rotting derricks and rusting pumps are about all that is left to tell of a field from which the operators (Clark Gable's father included) moved to better ones.

But Scio's hopes were to rise again, this time in the expectancy of becoming a center for pottery manufacture. The proposal to erect a

factory there was born of sentiment rather than for any good economic reason other than general location and the shipping facilities afforded by the two railroads.

At least this lack of good reason was no departure from the general considerations governing the location of other pottery factories. The Englishmen who started the industry in America apparently had friends or relatives in Trenton, N. J., and East Liverpool, Ohio, or, blindfolded, stuck a pin in a map. Today the Trenton area, manufacturing heavy china for hotel use, has extended itself to Buffalo and Syracuse and a few other towns; the East Liverpool area, manufacturing light earthenware (or semi-porcelain) for household use, to western Pennsylvania and West Virginia. Of this area Scio is part.

The proposal to erect the Scio factory came from one of its native sons, an officer of a company operating a plant at Carrollton, in an adjoining county. The company had made money and wanted to expand. The native son, seeking to do something for the old home town, arranged to build a factory there, and the people of Scio agreed to put up one dollar for each of the company's two, through purchase of bonds.

The factory rose on a 17-acre tract on the outskirts of town. About \$250,000 was invested, Scio taking \$84,000 in bonds. Operations began in 1922, and jobs were plentiful. But in 1927, when prosperity elsewhere was in full swing, the plant shut down. The financial difficulties it encountered never were solved.

The repeated efforts to obtain new capital, and finally to interest some existing company in taking over the plant, failed. Unemployment became



Success of the pottery plant made need for the new box factory

A few of the present wares of a plant that started four years ago making only cups and bowls





... Nature's Greatest Paradox. It is everywhere . . . the first essential to all life and living; yet the greatest destructive force man has to combat and control. Water decrees that there shall be life. It also decrees that there shall be no such thing as everlasting life. Pipe is paramountly important to the control of water—making it an obedient servant for the comfort of the home, for the health of communities, for the efficiency of industry, for the safety of transportation, and for irrigation that turns arid lands into fertile fields. First came steel pipe to make water economically available everywhere . . . then came the greater endurance of COP-R-LOY to checkmate its destructive corrosion, to

cut cost of upkeep; to guard longer and more safely the nation's systems of supply and sanitation. Nine years ago COP-R-LOY definitely established this new standard in pipe service and, today, it is carried in all tubular forms by leading distributors. *It's Wheeling Steel.* Wheeling Steel Corporation, Wheeling, West Va.



COP-R-LOY IT'S WHEELING STEEL

Reg. U.S. Pat. Off.

serious; families moved away; trade virtually ceased; some who had learned pottery-making in Scio went to other factories, a few to one in New Cumberland, W. Va.

In the New Cumberland factory was L. P. Reese, a foreman, hard-working and quiet, about 40 years old, a jiggerman by trade. Originally from East Liverpool, he had grown up in the business and, it developed later, had evolved some definite plans for speeding up production and cutting down costs—revolutionary ideas he had tried to interest some manufacturers in, but without success. He became friendly with the workers from Scio and eventually accepted their invitation to go home with them for some rabbit shooting.

In the course of the visit to Scio, Reese went to the idle factory. The place was dilapidated. Weeds had grown up around it; the interior was clammy; the roof leaked; dirt was everywhere; the windowpanes that were unbroken were covered with cobwebs. But in the dreary picture Reese saw an opportunity.

His casual inquiry as to whether the property could be bought was enough to fire new hope in Scio. His companions put him in touch with the important bondholders and discussions began.

Past-due taxes assessed against

the plant totalled \$3,600, but this could be paid in installments over a five-year period under an Ohio emergency tax law. Those who held bonds might be willing to exchange them for stock. A tax sale could be precipitated, giving title to the property.

Reese laid his cards on the table. Besides his experience and revolutionary manufacturing ideas, he had about \$2,000, and to raise this he would have to borrow on his war risk insurance policy. To install his system part of the factory would have to be rebuilt, particularly the kilns, five in all. Some of the equipment could be used but some would have to be bought. The proposition seemed a little too big.

Financing was arranged

BUT, in the end, after six months of effort, a deal went through. The Scio-Ohio Pottery Company was organized with Reese at the head. Most of the bondholders agreed to accept \$5 stock for each \$100 bond, with the understanding that Reese later could buy the stock if he cared to, which he did. (The holders of \$7,900 in bonds who refused to agree finally got \$3.99 for each \$100 bond.) At sheriff's sale Reese bid the property in for \$8,000, on easy terms.

The day before Thanksgiving,

1932, Reese quit his New Cumberland job and, with two brothers-in-law, drove to Scio. He had to conserve every dollar, so they moved into the factory, where they slept and cooked their meals. The rebuilding began.

Reese had been frank and nobody expected pay. In picnic spirit, nevertheless, he provided cigarettes and canvas gloves. He agreed that anybody who wanted to work might have a paid job later. Those like Dr. James M. Scott, the physician; Dr. E. D. Shoumaker, the dentist; Jay Spiker, the bank cashier; C. L. Maughiman, the clothing merchant, and E. J. Brobston, the station agent, did not take advantage of this but many did, and today are working full time.

They built a new kiln, constructed conveyers, erected shelving and painted the wall next to the railroad. After two months they had the factory ready to produce earthenware on a limited scale. A force went to work making cups and bowls—no saucers. (Because they are broken more easily, the sale of cups in chain stores is ten times that of saucers.)

February 13, 1933, when the first of these products came from the kiln, was a gala day in Scio. Those who had helped rebuild the factory joyously grabbed white cups as they appeared on the conveyer and have kept

(Continued on page 168)

Taking an Old Proverb Seriously

EVERYBODY has heard the old proverb, "Go to the Ant, Thou Sluggard." W. H. D. Hornaday, Jr., took it literally. As a result a new live-stock industry has come out of California. The stock are Harvester ants. They are shipped in villages of from 12 to 1,000 ant inhabitants. The production schedule for 1937 is 120,000 villages and it may go as high as 500,000.

Mr. Hornaday first made the acquaintance of ants in a zoology class at Whittier College.

After leaving college, Hornaday took up the building of tropical fish aquaria as a hobby. Motion picture stars adopted them as individual hobbies and Hornaday found himself in business, organized under the title, Village Craft Shops. Aquaria led to crêpe paper products, crêpe paper to plaques and wooden items, these to ants.

An ant village consists of a few scoops of clean earth placed between two panes of glass mounted in a wood framework. Surmounting the earth is a profile replica of a mythical country village. They retail at prices ranging from \$1 to \$30. All must be California Har-



W. H. D. Hornaday, Jr., with one of his ant villages that started a new industry

vesters for this is one of the few species that does not attack wood and can be shipped interstate.

The number of ants depends upon the size of the village. Water from a medicine dropper is delivered into a sponge on the outskirts of the village, while seeds, winged insects and an occasional drop of honey provide the food supply. In these villages the ants work and live, dig tunnels, build rooms, store their food, care for their young, fight battles and bury their dead.

When the ant villages were first introduced in a Los Angeles department store last July, sales immediately ran ahead of production. Hornaday began farming out the work by departments. Unemployed families were put to work digging ants, painting parts of wooden shells, and assembling the villages. When the work got too big for them, he acquired his own plant and during the first eight months of business sold 20,000 ant villages. Now his 16 employees assemble and pack on a schedule of 10,000 monthly.

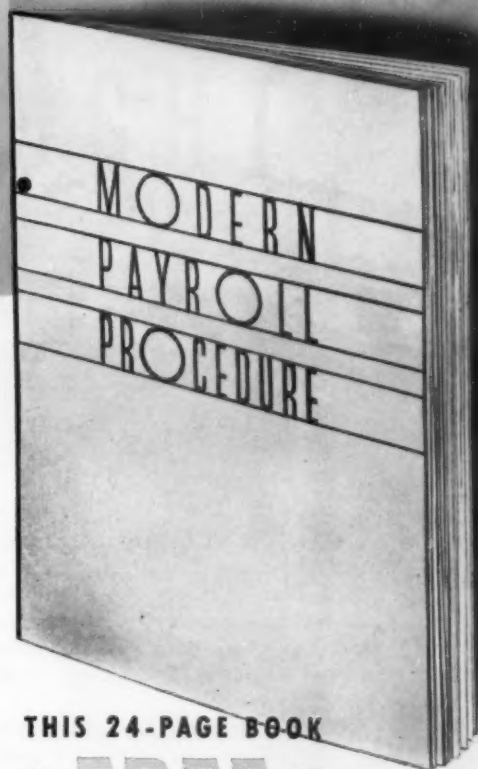
ANDREW R. BOONE

TO MEET

Social Security Requirements

ADDRESSOGRAPH

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Employers who make request on business stationery will receive a copy of this 24-page book and supplement, CONCISE SUMMARY OF SOCIAL SECURITY ACT PROVISIONS. Write for them. Learn how you can accomplish increased efficiency with decreased expense.

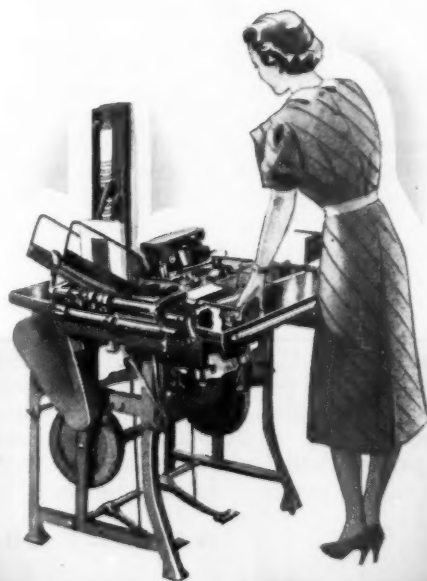


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In the Addressograph method, repeatedly re-written payroll data is "typed" once for each employee on a self-writing metal record. Once checked, it can never make an error. • In preparation for payday, names and data on these records can be reproduced at high speed on any payroll form, report or receipt... singly or listed in proper columns.

TODAY, in thousands of businesses, wage payments to employees is a *simplified* repetitive task. Every name, number and amount detail is handled *speedily*... and with *pre-insured* accuracy. Social Security record, report and receipt requirements have not imposed heavy clerical or expense burdens. From the imprinting of names and clock numbers on time cards, through the whole range of name and standard data writing on cost distribution forms, to the listing of names, numbers and amounts on payroll sheets and the writing of checks, Addressograph does the work in *quick time and with no errors*.

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Modernizing the Pure Food Law

As told to Dorsey Hatfield

By Senator ROYAL S. COPELAND



NO HONEST food or drug manufacturer, distributor or retailer need fear that the Copeland bill as recently passed by the Senate will have any demoralizing effect on his business if, or when, it becomes law.

One of the three basic principles of the legislation is that it must impose on honest industrial enterprise no hardship which is unnecessary or unjustified by the public interest.

Two other basic principles were constantly kept in mind while the measure was being prepared:

First, that the legislation must not weaken existing laws.
Second, that it must strengthen and extend the law's protection of the consumer.

These principles do not conflict in any way with the policies of the honest industries involved, and there has been little criticism by members of those industries.

But there has been much confusing discussion of the subject ever since I introduced the Tugwell bill about three and a half years ago. Conflict soon developed in the clash of extreme positions. Since then many pure food and drug bills have been introduced. Congressional committees have held numerous hearings and the subject has been debated in both Houses of Congress. The numerous bills have been widely discussed and the public has expressed unusual interest in the subject.



But despite the general realization of the vital importance of the proposed legislation, there still appears to be much confusion as to its purposes and possible results.

Incidentally, I am convinced that my introduction of the Tugwell bill did not enhance my reputation in any way! I have not the slightest pride in the part I took in launching the cam-

THE author of the new measure recently passed by the Senate explains why he believes his bill will protect the public health and honest business men

paign for improved food and drug legislation. In June, 1933, at the request of the Department of Agriculture, I introduced that bill. My only excuse is that I did not read it until four months later, because I was exceedingly busy at the time.

The bill now under consideration is not an Administration or a departmental bill. It was formulated in my office. It is officially known as "The Federal Food, Drug and Cosmetic Act," and it is the result of an earnest, painstaking effort to take advantage of all the light that has been thrown on the

subject from every source. It was introduced with the confident assurance that, insofar as possible, all the facts bearing on the problem had been utilized, and that the measure was capable of accomplishing its declared purposes. Strong support for such a law has been evidenced not alone by consumers and health officials, but by the industries affected. I am convinced that I shall be able to show that this legislation will provide advantages to all honest manufacturers and distributors of foods, drugs and cosmetics.

For example, although dealers are protected when they handle in good faith articles which violate provisions of the act, they are required, in such instances, to give the names and addresses of those who supplied the products, and other documentary evidence.

If they refuse to give such evidence they are subject to penalties. Therefore, since dealers who handle articles which violate the act are likely to be put to a good deal of trouble in supplying evidence, I think the tendency will be for dealers to confine their purchases to the goods of manufacturers of known integrity and respon-



OF A *Community* POWER AND LIGHT AT *1¢ per* KWH.!

High in the mountains of Idaho, these two "Caterpillar" Diesel Generator Sets serve a whole community with light and power. A machine shop, 70 dwellings and 12 other buildings keep them running 24 hours a day — the nerve-center of the whole town's activities.

Costs are typical of "Caterpillar" Diesel-generated current: less than \$.01 per kwh. for fuel, lubrication and maintenance — even in this remote location at an altitude of over 5600 feet. This and hundreds of comparable installations prove why these Diesel Generator Sets are today's solution to the problem of standby and emergency power needs as well as the problem of power in remote locations.

Generated current is only one of the fields that the "Caterpillar" Diesel Engine has invaded with new low costs and new reliability. Whatever your power needs, it will pay you to investigate the possibilities.

Low prices of "Caterpillar" Diesel Engines with their high standard of quality are made possible by large volume production . . . these engines are used in thousands of tractors and road machines, in the equipment built by 83 machinery manufacturers, and by hundreds of other power users.



↑ **CONSTRUCTING GOOD ROADS AT LOW COST.** A "Caterpillar" Diesel Tractor pulls this "Caterpillar" Grader, finishing a bank slope in one cut. For finishing the road surface or making the drainage ditch, the operator swings the blade under the machine without leaving his platform.

← SPEEDING UP THE SHOVEL OUTPUT

A cost-cutting "Caterpillar" Diesel Engine powers this track-type tractor — and burns less than 9 cents' worth of fuel per hour on this work. Equipped with LaPlant-Choate Trailbuilder, the tractor noses giant boulders up to the shovel, helps load them.

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This "Caterpillar" Diesel Tractor pulls five 16-inch bottoms through hilly fields — covering over 22 acres a day on only one gallon of 8-cent Diesel fuel per acre.



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sibility. That it may be readily understandable to all elements of the industries, this bill is shorter and less verbose than previous measures; but no effective and necessary provisions have been overlooked. Unnecessary repetitions found in previous bills have been avoided, and scattered references to the same subjects have been consolidated. Also, some previous provisions which did not strengthen the law have been eliminated. They presented the possibility of confusion in enforcement, and it was thought that some of them would raise the issue of constitutionality.

Provisions should be clear

THE proposed requirement that claims on the labels and in the advertising of drug products be supported by medical opinion is an illustration. This provision was eliminated because great difficulty always has been found in defining "medical opinion." The discussions at hearings showed that, in many instances, it is impossible to determine the state of medical opinion on controversial subjects.

These considerations added to the possibility that the guilty might escape through the uncertainty of such provisions and the likelihood that the courts would invalidate a statute which made medical opinion the criterion of truth and the gauge of a criminal offense. Of course, medical testimony will be adduced in enforcing the law, and the testimony of those with "scientific training" will be recognized, but the bill will not be subject to the danger of making

medical opinion the only legal standard, the violation of which would incur criminal penalties.

The law now on the statute books ignores cosmetics but almost every one of the new bills recognizes the need for their regulation. Under the "Copeland bill," a cosmetic is deemed to be adulterated if it contains any poisonous or deleterious substance which may render it injurious to users under the conditions of use prescribed in the labeling, or under such conditions as are customary; if it consists in whole or in part of any filthy, putrid or decomposed substance; if it has been prepared, packed or held under unsanitary conditions whereby it may have been contaminated or rendered injurious to health; if its container is composed of any poisonous or deleterious substance which may be injurious to health; and, if it is not a hair dye, and contains a coal-tar color other than one of those which have been certified according to a provision of the act.

In the case of coal-tar hair dyes which do not come under the general provision against adulteration, the bill requires that the labels bear, conspicuously displayed, this legend:

Caution: This product contains ingredients which may cause skin irritation in certain individuals and a preliminary test according to accompanying directions should first be made. This product must not be used for dyeing the eyelashes or eyebrows.

A cosmetic is deemed to be misbranded under the bill if its labeling is false or misleading in any material particular; if in package form unless

it bears a label containing the name and place of business of the manufacturer, packer, seller or distributor; unless it bears an accurate statement of the quantity of the contents in terms of weight, measure or numerical count; and if any word, statement or other information required on the label by the act is not prominently placed thereon in terms that purchasers may readily understand.

Honest merchandise sought

BECAUSE of the introduction of a new subject for legislation, the regulation of the manufacture and distribution of cosmetics brought out a great deal of conflicting opinion. I cannot believe that any manufacturer of standing can raise any valid objections to the bill's provisions concerning cosmetics. In fact, I am confident that all honest manufacturers will find enforcement of this part of the act a protection against the competition of deleterious products.

The regulation of the advertising of foods, drugs, therapeutic devices and cosmetics also caused much discussion and not a little conflict. The existing law has no control whatever over advertising. It was written before the development of modern merchandising, and long before the radio was even dreamed of.

When the law was formulated, control of labeling was regarded as all that was necessary.

The Tugwell bill, in its attempt to improve the old food and drug law, provided a drastic control over advertising. After it was introduced, I did not blame manufacturers and others from being alarmed. However, the advertising provisions of the "Copeland bill" were formulated with due consideration of the industrial viewpoint. They are simply stated, and I believe they will stimulate, rather than retard, honest advertising.

Unfortunately, the existing law is not effective in controlling a highly profitable and most vicious practice, the advertising of fictitious drug cures to those who suffer from incurable diseases. Therefore, the new act absolutely prohibits in interstate commerce, by mail, or in any manner or by any means, including radio broadcast, the dissemination of any advertisement which represents any drug or device to have any therapeutic effect in the treatment of Bright's disease, cancer, tuberculosis, infantile paralysis, venereal diseases, or heart or vascular diseases.

Advertisements of the kind are exempted only when their dissemination is confined to members of the medical, dental and pharmaceutical professions, and when they appear



"Some flea powder, please. It's for the dog."



A well-known retail store installed seven different Fanfold Systems in four years — and used Underwood Elliott Fisher Fanfold Machines to write invoices, orders, purchase orders, receiving and shipping reports. Speeded its billing 25% — Saved \$9,000 a year in labor and material costs alone!

"We Speeded our Billing 25% — When we discovered FANFOLD!"

Underwood Elliott Fisher Fanfold Machines and Fanfold Forms have solved the problem of writing office forms of all kinds for thousands of businesses. They combine all related forms into a single continuous unit and write them at a single typing with automatic handling of paper and carbons.

With these machines in use your operators spend practically all their time typing. No time out for constant shuffling and hand-loading of forms and carbons. No delays in getting your business routine moving. And usually machines and forms pay for themselves in just a few months' time.

Right now is the time to select your Underwood Elliott Fisher Fanfold Machine equipment. Never have prices been at a lower level. And there are two complete lines of machines from which to choose. Phone our nearest Branch or mail the coupon for your free copy of "Modern Record Writing the Fanfold Way."

Accounting Machine Division
UNDERWOOD ELLIOTT FISHER COMPANY
 Accounting Machines... Typewriters... Adding Machines
 Carbon Paper, Ribbons and other Supplies
 One Park Avenue, New York, N. Y.
 Sales and Service Everywhere

Underwood

ELLIOTT FISHER FANFOLD MACHINES

Copyright, 1937, Underwood Elliott Fisher Co.

*... Hands on the keyboard
are productive*



*... Hands juggling forms and
carbon are not!*



Underwood Elliott Fisher Fanfold Machines allow the typist to devote practically all of her time to typing. The machines handle Fanfold Forms and Carbons automatically.



Underwood Elliott Fisher Speeds the World's Business. Every Underwood Elliott Fisher Machine is backed by nationwide, company-owned service facilities.

Accounting Machine Division
UNDERWOOD ELLIOTT FISHER COMPANY
 One Park Ave., New York, N. Y.

Please mail without obligation to me free copy of "Modern Record Writing the Fanfold Way."

Your Name _____

Name of Business _____

Address _____

City _____

State _____

NB 5-37

only in the scientific periodicals of those professions.

In general, the bill prohibits all advertising that is false or misleading in any material particular in regard to any food, drug, device or cosmetic.

As introduced, the measure prescribed that discontinuance of an advertising violation shall not be grounds for denying an injunction; but the committee changed this provision so that discontinuance of a violation may be grounds for denying an injunction unless the court "shall find that repetition of the offense is likely to occur." This applies only to the advertising provisions, which are to be enforced through temporary or per-

manent injunctions issued by Federal District Courts.

A great deal of interest has been expressed in the differences between the old law and the "Copeland bill." In the present law, a standard of quality is authorized for canned goods exclusively. The bill authorizes the Secretary of Agriculture to establish identity standards and a reasonable standard for quality and fill of containers.

There is nothing in the law now in force to govern the labeling of unstandardized foods to disclose ingredients, and regulation of dangerous foods is permitted only when poisonous substances are added. The

"Copeland bill" requires that unstandardized foods be labeled to disclose the ingredients by name, and prohibits traffic in foods which are dangerous to health. The addition of poison is prohibited under the bill and, if it cannot be avoided in producing the goods, the products must be safe for human use when they reach the consumer.

For many years, products with misleading labels have been distributed under the "distinctive name" provision of the existing law, and the labeling of infant and invalid foods has been inadequate. The "distinctive name" provision does not appear in my bill and informative labeling for



Chairman, Arthur M. Hill

Regulation for Airlines



PHOTOS FOR NATION'S BUSINESS BY HAMMER
National Chamber Committee on Transportation and Communications



A. B. Barber and S. T. Bledsoe



Henry E. Stringer

REGULATION of air transportation by the Interstate Commerce Commission was recently recommended by the Transportation and Communications Department Committee of the United States Chamber of Commerce.

Its report has been referred by the Board of Directors to the Chamber's 25th Annual meeting.

Regulation of air transport, the report says, should not follow rigidly the pat-

tern of regulation of other forms of transportation but should be adapted to the special requirements of the industry.

Citing the growth of air transportation in the past six years when passengers carried increased from 375,000 annually to 1,021,000 and express pounds grew from 380,000 to 6,959,000, the committee pointed out that airlines have graduated into transportation units rather than merely carriers of mail.

Only about 33½ per cent of the airlines' present income is derived from mail contracts, but under the present law all questions of establishment of routes and contracts lie within the discretion of the Postmaster General. The committee believes such jurisdiction should be transferred to the Interstate Commerce Commission.

It also recommends that definite authority for fixing compensation to air mail contractors, as well as passing on other services and rates questions for air carriers, should be lodged with the Commission.

Members of the Chamber Committee are: Arthur M. Hill, president, Atlantic Greyhound Lines; S. T. Bledsoe, president, Santa Fe Railway; E. George Butler, secretary-treasurer, John G. Butler Co., Savannah; C. W. Chase, president, Indianapolis Railways, Inc.; Walter A. Frey, Frey & Son, Inc., Baltimore; D. H. Howie, vice-president, Fiduciary Trust Co., Boston; W. A. Patterson, president, United Air Lines; Henry E. Stringer, vice-president, Hydraulic Press Brick Co., Washington; E. S. Wilson, vice-president, American Telephone & Telegraph Company.



For the First Time
**A GREAT STATE OFFERS
 PLANNED COOPERATION TO INDUSTRY**

No state in America offers more inspiration to men of Industry than Mississippi. Here, in these modern times, is a virgin industrial state where all producers of goods may come and find unexploited manufacturing opportunities.

So certain are the people of Mississippi that profit awaits those worthwhile industrial enterprises which locate within its borders that they have, by law, devised a plan to share the cost of industrial development in the state. This is not only in the form of tax exemption by municipalities and counties but actual assistance with the cost of land and buildings. This new law, the first of its kind, makes Mississippi an industrial haven for practically every form of industry, to the mutual benefit of both the manufacturer and the community.

Mississippi's greatest industrial attractions are found in the opportunities it offers for low manufacturing costs. The undeveloped resources of the state; the wealth of raw materials; the high percentage of friendly, native Anglo-Saxon labor; the excellent transportation facilities by water, rail, air and bus; the low power rates; the ideal year around climate . . . Mississippi offers you all of these basic factors to help you lower your manufacturing costs.

Surely, this rich region is deserving of your careful investigation. To assist you, the Mississippi Industrial Commission is ready to supply you, without obligation, a confidential survey based on the needs of your own particular company. This same Commission also stands ready to lend its full cooperation to your company and to the municipality in which you wish to locate.

Steeped in the traditions of the Old South, Mississippi is known as a land where gracious hospitality has always reigned. This same friendly spirit on the part of every Mississippian awaits manufacturers who wish to come here to work and to live. For full information address the Mississippi Industrial Commission, Jackson, Mississippi.

MISSISSIPPI INDUSTRIAL COMMISSION

A Department of the State of Mississippi
JACKSON, MISSISSIPPI



YOUR SON—HOW THE LITTLE RASCAL COULD WEAR OUT SHOE LEATHER!



When you were first raising a family, didn't you sometimes have to figure expenses pretty close?

Your children—what fun they were—how much daily pleasure they gave you! And yet, how many financial crises they caused you—through illness, emergency operations, dentist's bills, and by simply outgrowing their clothes!

Of course, you have money now, and credit at a bank. But many of your younger employees face the same problem in family finance you faced on the way up—how to keep a growing family going with at best a small cash reserve. When emergencies arise, they must borrow. But, without negotiable collateral, where can they get a loan?

Loans Without Collateral

Household Finance will loan to them without marketable collateral, at reasonable rates, and give them up to twenty months to repay. Each monthly payment can usually be made from less than 10% of monthly income. All employed people who can make small regular monthly payments can apply for a loan from Household Finance.

Aid in Money Management

Equally important, Household's Doctor of Family Finances offers borrowers his practical budget plan that stops money leaks—helps them repay their loans. And Household's free booklets on Better Buymanship make their dollars go farther, buy more.

If you are interested in your employees' problems, send the coupon below for free copies of booklets the Doctor of Family Finances offers Household borrowers. They will give you a new conception of responsible small loan service.

HOUSEHOLD FINANCE CORPORATION

and Subsidiaries—one of the leading family finance organizations, with 223 offices in 145 cities

HOUSEHOLD FINANCE CORPORATION, Dept. NB-5
919 N. Michigan Ave., Chicago, Ill.

Please mail me without obligation full information on Household Finance's family reconstruction program.

Name.....

Address.....

City..... State.....

infant and invalid foods has been provided for.

The bill also requires label declarations of artificial colors and flavors in foods, and forbids traffic in confectionery which contains metallic trinkets and other inedible articles. Many a life has been lost because such a trinket has entered the lung of a child.

Emergency licensing control of manufacturing establishments is authorized by the bill in the case of foods that might be dangerous to health by reason of contamination with micro-organisms. But such licensing is limited to operations in which the public health cannot be otherwise protected.

Modernization only

IN THE case of drugs as well as foods, our purpose was to preserve everything that is good in the existing law and add only provisions which will bring the entire legislation up-to-date and increase its effectiveness. Hence, the "Copeland bill" prohibits traffic in drugs and devices which are dangerous to health under the conditions of use prescribed in the labeling or advertising. It requires habit-forming drugs to bear warning labels. It requires adequate directions for use of drugs and devices and appropriate warnings against their probable misuse through overdosage, or by children, or in disease conditions where they may be dangerous, and sets up special protection to consumers against drugs liable to deterioration.

Under existing law, fraud that is a wilful intent to deceive is made an element of the offense; but unwarranted therapeutic claims resulting from sheer ignorance of the manufacturer are not actionable. This certainly calls for correction, and the bill under discussion requires that claims of effect of drugs and devices must not be false or misleading in any material particular. Only those drugs which fall below the standard claimed are proscribed by the present law, although drugs that are too strong may be dangerous. The new bill defines "non-official" drugs as illegal if the standard of strength varies from the standard claimed. It also requires that antiseptics possess germicidal power and that labels bear declarations of the names of active ingredients of non-official drugs.

Throughout the general field of foods, drugs and cosmetics the "Copeland bill" prohibits the use of poisonous containers. The use of uncertified and impure colors is forbidden. The bill also prohibits slack-filled and deceptive containers for foods and drugs, and provides for factory in-

spection and the procurement of records needed to prove federal jurisdiction.

There is no comparison between this bill and the existing law as to the extent of their respective applications and the power given to enforcement officers. Where the existing law is entirely negative in its labeling requirements, the "Copeland bill" is affirmative. Where the existing law limits its attacks against misbranding on therapeutic matters to statements which are false and fraudulent, this bill covers those which are false or misleading.

Under any law of the kind, innocent violations frequently arise. Overzealous enforcement officers may cause honest business concerns both annoyance and damage. Therefore, the bill limits enforcement officers in the drastic power of unlimited seizure to cases of adulteration and to those cases of misbranding where, in the public interest, the power should be exercised. Furthermore, the bill increases the criminal penalties for adulteration and misbranding over those in the existing law, and adds injunction as a means of prohibiting adulteration and misbranding. The existing law has no injunction provision.

The only other change of consequence in the seizure provision is that the trial involving a seizure may be held in a district of the claimant's place of business, or within reasonable proximity. This provision is eminently fair. Adulterated and misbranded goods must be seized where they are found; but there is no valid reason why a claimant for the goods should have to travel a long distance to defend the case.

Regulating advertising

THE problem of advertising control, the most highly controversial phase of the bill, has been solved by providing for the prohibition of false advertising by injunction. Previous bills have defined false advertisements as those which are "false or misleading in any particular." But this definition has aroused a great deal of conflicting opinion and debate, some of which has been soundly convincing.

It has been contended that the definition, when applied to the unlimited field of general advertising, was too elastic and encompassed things far beyond the purposes of the legislation. Other arguments were that the definition would lend itself to unnecessary and unjustified governmental interference with business, and impose on the Government requirements beyond its capacities to enforce. Therefore, the statement of the offense in the bill defines those sub-

jects pertaining to foods, drugs and cosmetics which should be under government control.

In the field of advertising and industry, there has been considerable controversy as to whether the Food and Drug Administration of the Department of Agriculture or the Federal Trade Commission should be made responsible for the enforcement of the bill's advertising provisions. This phase of the subject is clarified when the premise is accepted that advertisements of foods, drugs and cosmetics are nothing more than extensions of labeling. On this premise, the bill proposes that the control be vested in the Food and Drug Administration, which has had long experience in enforcing the provisions on adulteration and labeling of the existing law.

Of course, this does not deprive the Federal Trade Commission of its jurisdiction in cases of false advertising which are in such form as to contribute to or constitute unfair methods of competition. The bill specifically states that the advertising provisions shall not be construed as impairing or diminishing the powers of the Federal Trade Commission.

Enforcement by injunction

IN my recent report to the Senate on the bill, I pointed out that the act simply provides that the district courts of the United States shall have the power to grant temporary and permanent injunctions against the dissemination of any advertisement which contains

any representation regarding any food, drug, device or cosmetic, or the ingredients thereof, or the substances therein, or the identity, strength, quality, purity, quantity, origin, source, harmlessness, or safety thereof, or the nutritional, dietary, curative, therapeutic, preventive, diagnostic, or beneficial effects thereof, or the safety or efficiency of the dosage, frequency, or duration of use pertaining thereto, which is false or misleading in any particular.

No one can justly allege that such advertisements should not be enjoined, and it is both proper and necessary that the Food and Drug Administration shall be authorized to seek such injunctions, because it constantly has foods, drugs and cosmetics under observation. Also, I submit that the power is properly vested in the district courts of the United States.

The fact that the Federal Trade Commission may proceed against advertisers using unfair methods of competition by means of advertising should not prevent the grant to the Food and Drug Administration of this additional and necessary power to protect the public against false

REWARD

FOR THE ARREST OF THE
"ROUTINE-RACKETEER!"



Ediphone Voice Writing will pay you 20% to 50% in added business capacity

Watch out for the Routine-Racketeer! He may be attacking *your* office . . . stealing your time, holding up your plans, killing your energy with the thousand and one details of a busy business day.

Quick! Be your own "vigilante." Stop this racketeer by stopping his racket . . . *with the help of Ediphone Voice Writing!*

The Ediphone puts the Routine-Racketeer "on the spot." With it, you confirm memos, telephone conversations, inter-office communica-

tions *immediately*. You answer your mail the *first time* you read it. You dictate the moment you are ready, without waiting for your secretary to be free. And the speedy handling of these details arrests the Routine-Racketeer—rewards you with 20% to 50% added business capacity!

Invite an Ediphone demonstration on the Edison "You-Pay-Nothing" Plan now. Telephone The Ediphone, Your City, or address Desk N-47—

Thomas A. Edison
INCORPORATED
WEST ORANGE, N. J., U.S.A.



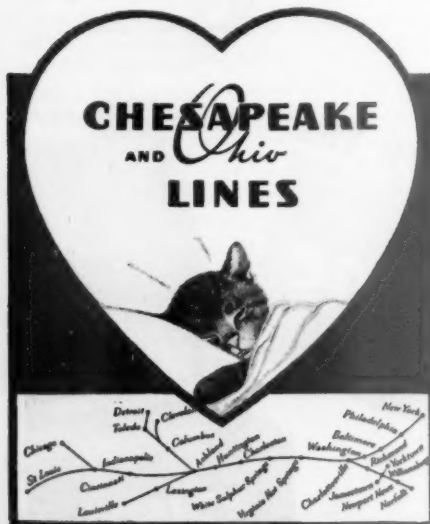


FOR DISTINGUISHED SERVICE TO THE AMERICAN PUBLIC

American travelers have again singled out Chesapeake and Ohio for a special claim to fame! Its contribution to the world of travel—*Sleep Like a Kitten and Arrive Fresh as a Daisy*—was duly recognized as an outstanding achievement. Now, its extraordinary record of friendly service has won a new honor . . . unanimous recognition as "The Railroad with a Heart." Thank you, America, for this tribute!

THE GEORGE WASHINGTON THE SPORTSMAN • THE F. F. V.

The finest fleet of genuinely air-conditioned trains in the world.



and misleading advertisements which bear directly on public health.

In previous bills, the provisions with respect to seizure also have aroused much controversy. The "Copeland bill" permits multiple seizures of any adulterated food, drug, device or cosmetic. It permits multiple seizures for misbranding that has been the basis of a judgment in favor of the Government, or when the Secretary of Agriculture has probable cause to believe, from facts ascertained by him, that the misbranding renders the article dangerous to health.

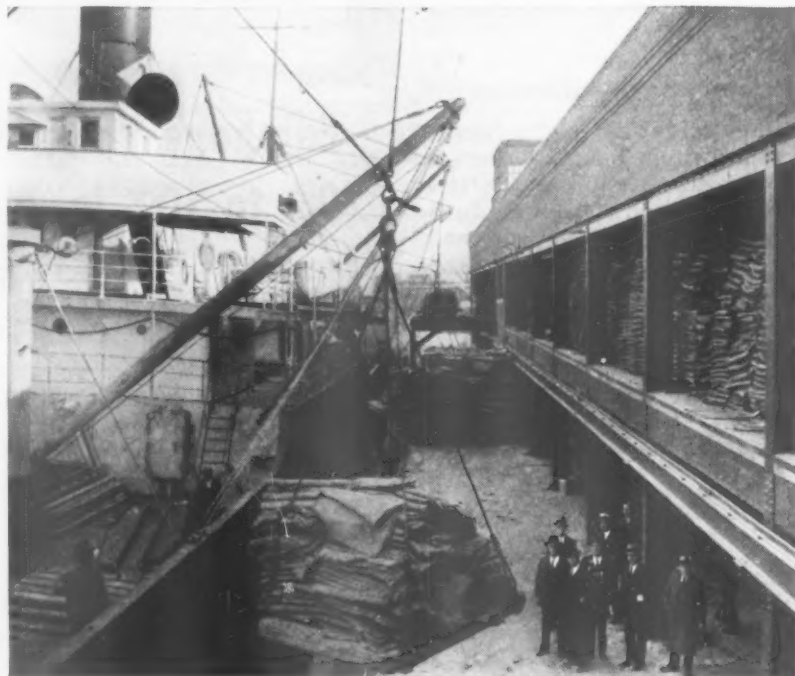
Limitations on seizures

THE only limitation is that misbranding which does not render a product dangerous to health shall not be subject to multiple seizures made at the will of enforcement offi-

cers. That has been the declared policy of the Food and Drug Administration in enforcing the existing law, and my bill merely writes into the law the declared policy of the Administration. I am convinced that it is important to do this, so that succeeding administrations shall be held to a policy that has been proved to be both just and effective.

As a whole, the bill is not perfect. Because of the diversity of interests, a "perfect" act of the kind cannot be formulated. The "Copeland bill" simply represents an earnest effort to serve its declared purposes. I introduced it in the hope that all who desire to see its purposes accomplished, and all who are friends of the movement for a better food and drug law, would give it unbiased and careful consideration, and, after so doing, would support and advocate its enactment.

BELLRINGERS



FOLTZ STUDIO

The South's New Hope

THIS initial shipment of 4,200 tons of sulphate pulp by the Union Bag & Paper Corporation from its new pulp plant in Savannah to its northern mills in New York marks a significant movement in the effort of American paper manufacturers to find a domestic source of raw materials.

"This first shipment of sulphate pulp from our Savannah plant to our northern mills marks the begin-

ning of our program to use domestic pulp in place of that which we have formerly imported from Sweden," said Alexander Calder, president of the organization, who pointed out that imports of sulphate pulp have grown to a volume of some 700,000 tons annually.

Less than 20,000 tons of domestic sulphate pulp were offered last year in competition with the foreign product.

Are We Playing Leapfrog?

(Continued from page 17)

Not unnaturally, their statements on the wage-price spiral gave the public food for serious thought.

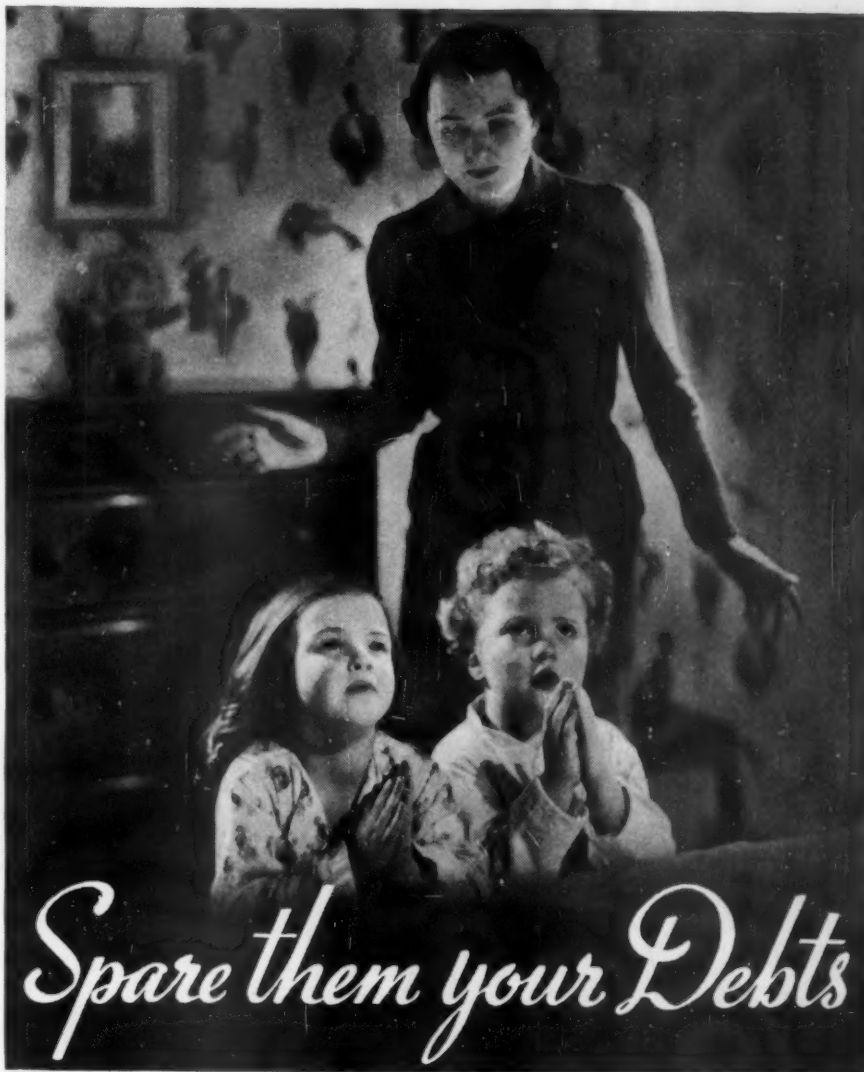
Some at once argued that this series of forebodings was obviously intended to produce a "ready-made" crisis, merely to fortify the President's arguments for a liberalized Supreme Court and for more centralized power to cope with national problems. Others, however, regarded the intermediate price outlook as sufficiently serious *per se* to warrant real concern by the Government as well as business. Traders evidenced a little more caution.

Problems in the price rises

WHAT are the causes of the price rise? Should it be controlled? Can it be controlled, and if so, who should attempt the control? Is it true that a managed currency needs a managed economy? The country is wondering about these questions.

Underlying the price rise since 1933 is the strong recovery of business. This has been stimulated by government expenditures of "deficit" money. The latter constitutes a species of inflation. The process is not necessarily bad, but it may become so. In theory, the Government borrows and spends now, with the intention of paying off its debt and spending less when business gets better and revenues increase. This type of inflationary procedure during a depression has strong support. It is questioned chiefly by those who doubt the political ability of the Government to diminish its deficit financing in time. Many fear the government budget won't be balanced long enough in advance of the next depression, when new red ink bonds will again have to be floated, and another stage added to the inflation spiral.

In 1936 the price level was stimulated by recovery, by the second severe drought in three years, by the soldiers' bonus, the armaments race, and the reelection of the New Deal with its easy money program. Agricultural commodities played an important part in last years' movement, as did also basic raw materials and semi-manufactures. Grains in particular were spectacular, being 12 per cent higher last December than in December, 1929. Various other prices have soared, especially in 1937. Washington is disconcerted by the rapidity of price movements. For there are still millions of unemployed and an



Spare them your Debts

MANY a man, content with the inheritance he will leave his family, forgets the cost of dying... costs that become debts to saddle his family... debts that must be paid before his estate becomes theirs. Such obligations often shrink an average estate by as much as 40%, grip the wife and children in a net of debt before adjustments for the years

ahead can be made. Protect your family against this burden with a Northwestern Mutual policy of special "clean-up" insurance. Find out now how little such a policy will cost in this *mutual* company—80 years old in conservative management—a billion dollars big in assets. Mail the coupon for estimate of smallest amount necessary to *spare them your debts*.

Fill In This Coupon Without Obligation

No. D-XE 21961

The Northwestern Mutual Life Insurance Company
Milwaukee, Wis.

PAY ? ? ? ? ? ? DOLLARS


To The Order of My Wife

Name _____

Address _____

City _____ State _____ Date of Birth _____

PRESIDENT
TREASURER


SPECIMEN

NH5-97

"Please pass the

**SAFETY FIRST—
friendliness too!**

DO YOU KNOW

—that the railroads employ more men than the steel industry and the automobile industry combined?

—that railroads are the nation's largest industry other than agriculture?

—that more than 100,000 men have been added to railroad payrolls within the past year?

—that the "shopping list" of the American railroads contains over 70,000 different items?

—that during the last ten years the railroads have spent nearly one billion dollars annually for materials and supplies for use in their every-day operation, thus providing employment to hundreds of thousands of men and women?

—that more than half of every dollar spent by the railroads goes for the wages of railroad men?

—that the railroads pay approximately one million dollars a day in taxes — taxes which send 1,600,000 children to school, and contribute substantial support to public institutions, highway construction, and general government expense?

RAILWAY EXPRESS

—serves America's shippers: big industries, growers of berries and other perishable products, and individuals through 23,000 offices located along 213,000 miles of railroads from coast to coast... 57,000 Railway Express employees pick up, forward and deliver America's perishable goods and general merchandise... Every day 10,009 trains carry these goods to great centers and remote villages

in all parts of America... A fleet of over 10,000 Railway Express motor vehicles delivers shipments to and from these trains in all cities and principal towns, without extra charge... Shipments of perishables and merchandise by Railway Express travel with the same safety, directness and economy that have made American Railroads the envy of the world.

e berries-1200 miles”

WHAT does it mean to you and yours when you read that “the speed of freight trains has been stepped up 43% in recent years”?

—or that “the railroads haul a ton of freight a mile at rates averaging less than a penny”?

Right on your breakfast table you’ll find a part of the answer—in things you take for granted in this day of modern miracles.

Fresh berries, for example, travel by rail an average of 1,200 miles before they’re served.

The butter for your toast averages 927 miles by rail.

The rail mileage of cereals is 627 on the way to the breakfast table—and of eggs it’s 1,353.

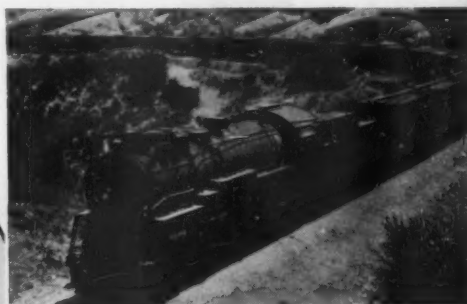
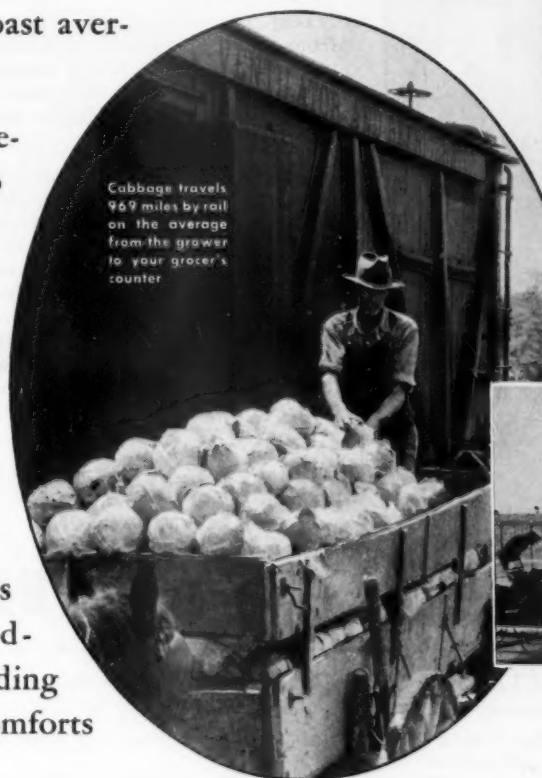
Or if you want some really big figures, you can take oranges or grapefruit—they average 2,125 miles by rail.

And the amazing fact is that many of the advancements in railroading which make these comforts

possible were developed during hard times.

Steadily, in tough years as well as good, the railroads have pushed forward—laying heavier rails, developing better brakes and more powerful engines, speeding up the sorting of cars and doing many other things that the public seldom sees, in order to give better service.

No wonder a railroad man is proud of his job—and proud of the enterprise which keeps American railroads in the forefront as *the finest transportation system in the world.*



Your share of the total freight hauled each year, if you have an average family, is two tons of agricultural products, one-half ton of live stock and animal products



Flood defied to bring in food! Over the rails came trainloads of food for stricken communities—and homeless refugees by the hundred thousand rode by train to safety

ASSOCIATION OF
AMERICAN RAILROADS

10 TIMES faster

Than Walking Messengers ...

AIR MAIL ★ ★ ★
within Your Own Plant



Dispatched by Air Tube



to Other Departments



to the Factory Superintendent



to Shipping Department

AS simple as the telephone, but air tubes instead of wires! Whisks your written messages, your mail, even complete letter files or small tools, from desk to desk, from building to building—upstairs or across the street—in the twinkling of an eye.

Inexpensive, too. You can install one tube or many—from a few feet up to a mile or more. Cost depends upon your needs.

Work moves in a steady flow. All departments are kept uniformly busy. You save important papers from piling up—waiting for messengers. Save the minutes wasted by employees leaving their desks or stations to walk to distant departments.

No business is too small or too large to use them economically. Lamson Pneumatic Dispatch Tubes are standard equipment everywhere in industrial, office or retail buildings. In thousands of other buildings, too. Mail the coupon for a free copy of "WINGS OF BUSINESS." It shows how these modern mechanical messengers can save money for you.

LAMSON
Pneumatic
TUBES



THE LAMSON COMPANY, Inc.
Syracuse, N. Y.

Send me a Free copy of "Wings of Business" without obligation.

Name _____

Company _____

Address _____ State _____

easy money policy is still the official password.

When we refer to the Government's easy money policy, we have in mind primarily the expenditure of borrowings from the banks which create the money (deposits) for the purpose. But other forms of inflation have been employed, forms more closely and visibly connected with the sort of currency we carry in our pockets. Thus, in 1933, the dollar was depreciated, and in 1934 it was formally devalued. On this operation the Government took a profit of about \$2,800,000,000.

Although the bulk of this inflationary profit still remains unused, the cut in the gold content of the dollar and its consequent cheapening in international exchange has resulted in a collateral undervaluation of our currency unit in terms of foreign money. Because foreigners can often buy more with their capital here than at home, and for other obvious reasons, they incline to send their funds to this country. Hence, one consequence of our monetary policy has been the inflow of large sums of "hot money," foreign funds stimulating our markets and swelling our banks' excess reserves and deposits. This has constituted a distinct inflationary influence. Similarly, our silver policy has been inflationary.

Inflation of deposit money

DURING each of the past three years more than \$1,000,000,000 of gold has entered this country. The billions of foreign capital have stimulated our markets. And more than \$800,000,000 of new silver certificates have been injected into circulation, while several hundred millions more await issuance. All this is inflationary. Yet, large as these figures are, they seem small compared to the "deficit" money paid out. At the beginning of 1933 the public debt totalled \$16,801,000,000. Since then—including a small amount of borrowings of existing savings, but chiefly the borrowing of new funds—the total has advanced to more than \$34,500,000,000. This has meant an \$18,000,000,000 increase.

Obviously this trend cannot be continued indefinitely, however rich our country. There is a limit to currency dilution, if the public is not to take general alarm and seek safety in stocks, commodities, real estate. Fortunately, such alarm is not general and the flight from the dollar has been confined to relatively few investors and speculative hedgers. Admittedly, a certain amount of hedging against inflation has continued evident the past several years. That the managers of our currency are

now inflation-conscious and aware of the desirability of keeping money from getting too easy is evidenced by the "sterilization" of gold imports since last December—the process of the keeping of imported gold out of the bank reserves. It has been evidenced further by the doubling of bank reserve requirements, and by a policy of less spectacular silver purchases.

But if overstimulation of prices by monetary means is regarded in Washington as undesirable, so too are unmeasured enthusiasm in business, economically unjustified or "greedy" price advances, and, in some quarters at least, excessive demands for wage increases. As voters, the workers outnumber their employers many fold; hence the Administration's evident reluctance publicly to chastise over-ambitious wage demands is attributable to political considerations. Yet in influential quarters there is apparent a feeling that labor may have been overplaying its hand. At the same time it is evident that the Administration is seeking means to curb price advances, for example, through more rigid antitrust law administration. There is a clear desire to avoid a boom.

If prices threaten to get out of hand, just what influences can the Government bring to bear on the situation? Apparently, until all employables are reabsorbed, measures to tighten money are out of the question. That is the point of Mr. Eccles' statement of March 15. W. P. A. Administrator Hopkins thinks we will always have several million unemployed, and asserts that the national income must be raised to 20 per cent above 1929 before we strike the hard core of unemployment. (Our national income is still 30 per cent below 1929, even after adjustment for price changes.) Tighter money would therefore seem to be a long way off.

In restraining the price advance, however, the Government need not be restricted to monetary steps. If dearer money is now unrealizable, if an increase in the gold content of the dollar is still politically out of the question, if budget balance through higher taxes is objectionable to Congress, and one through lower expenditures as yet unacceptable to the Administration, there are still some means by which government influence on prices could be exerted. The antitrust approach we have already mentioned. Lower tariffs, Secretary Hull's choice, would be effective in some lines, excepting insofar as foreign prices also have risen. A greater degree of control over commodity speculation is a possibility. Finally, measures to minimize international unrest and thereby lessen

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the need for armaments may yet play a part in the price picture.

Several high officials of the Administration have discussed the price-wage situation with the writer. Some of their views may be quoted here. For example, Secretary of Commerce Roper said:

Business has been very good and the Commerce Department has been gratified at the progress this country has made. However, too rapid and too irregular advances in all operating costs (including labor costs) and too rapid expansion in individual lines of activity without due appraisal of market possibilities is not desirable. Every business man should examine carefully the reasonable prospects in his own line and not let himself be led unwisely into an inventory race.

Rising labor costs and rising prices are not to be objected to if they come in orderly fashion and do not create unbalances. Whether various price factors are now out of line cannot be stated without careful research. Costs and prices are not matters which the Commerce Department can or should control. In fact, some conditions are entirely beyond our control. In any event, the Government should not, in my opinion, do for business anything it can do as well, or better, for itself. Industry and trade can accomplish much by conferences in which problems of mutual interest can be worked out. Such industry-wide conferences could do much to prevent the development of booms and reaction.

From these and other statements of Mr. Roper, it is obvious that the Secretary had in mind, not only the recent speculative accumulation of inventories, but also such matters as any unjustified increases in the prices of manufactured goods and any unreasonable demands by labor, whose sit-down tactics he deplored in unequivocal language. In his words:

The wage situation should be studied by all concerned for the protection of all concerned, lest costs rise more rapidly than purchasing power.

Mr. Roper's advice that private conferences be held for purposes of business control was echoed and amplified by Assistant Secretary of Labor McGrady, who voiced to this writer the view that employers and workers should adopt the conference idea for working out a national program. Citing 21 important industries in which wage increases of from five to ten per cent had recently been granted, Mr. McGrady wondered

whether industry will be satisfied in passing on to the ultimate consumer only those additional costs that are legitimate, or whether labor is to see its recent gains negated by vicious spirals of rising costs.

Even if industry passes on only the legitimate costs mentioned by Mr. McGrady, labor's real income will thereby tend to be reduced. It is worth noting that employed factory workers today are actually better off than in 1929. In January, 1936, their average weekly earnings were

\$26.18, compared with \$28.76 in January 1929; but money now buys more than it bought in 1929. In terms of what the worker buys, a wage of \$26.18 in 1937 is worth as much as was one of \$30.11 in 1929. None the less, the American Federation of Labor is asking for a greater share of the national income, more than large enough to balance an anticipated eight per cent rise in the cost of living in 1937.

Wage costs and prices

IN THIS connection, the contention by labor that increased wages do not necessarily mean increased labor costs should be noted. Higher wages, it is maintained, may be offset by greater efficiency of labor, greater demand for goods, and a consequent decline in overhead costs per unit of product. On this point Mr. McGrady places much stress, pointing to periods in our recent history when wages and prices did not show the same trend. He says:

The fact that increasing wages need not necessarily result in increased prices was evidenced by the NRA experience during 1934 and 1935. The average hourly earnings of workers showed an upward trend; in fact, one could go back to 1933 and see that the increase in prices that occurred in that year took place in the early months before wage increases went into effect. The fact is that during the first half of 1933 hourly earnings of labor still tended downward, whereas the wholesale price index moved sharply upward. After wage increases started going into effect under NRA, the upward trend of wholesale prices was relatively limited.

As for complaints about "unreasonable demands by labor," what constitutes an "unreasonable" demand? The only test of reason is the ability of industry to pay what the workers demand without at the same time so increasing the price of products as to interfere with consumption. Certainly, in view of the profits that have been made in the past two years in the automobile industry, one cannot say that the wage demands of automobile labor have been unreasonable. There is no doubt that the industry could afford to pay the higher wage rates demanded without necessarily having to increase the price of its product.

The Government Department with most direct influence on prices is Agriculture. The main features of the Soil Conservation Act, and of Secretary Wallace's supplementary ever-normal-granary plan are well known. By them it is hoped eventually to smooth out the fluctuations in farm income and in the prices of leading farm products, so subject to the weather's vagaries. Over the long run, the Government's agricultural policies influence prices. The ever-normal-granary plan would tend to stabilize prices, but this is not the same as controlling price movements.

Informed of the direct interest of the nation's business men in his views

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Your first trip to the theatre . . . a road show at the old opera house, if you were a country boy—a two-a-day vaudeville bill or a ten-twenty-and-thirty cent melodrama, if you grew up in the city . . .

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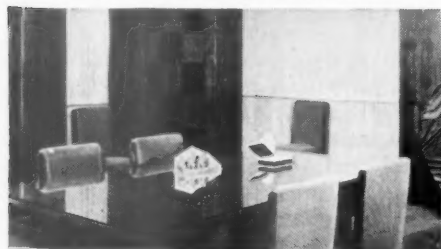
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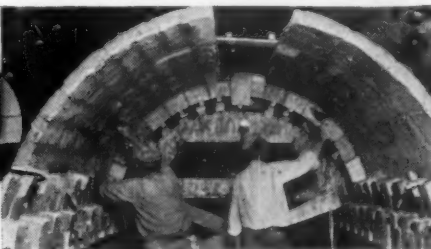
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on the price situation, Secretary Wallace stated that the Government is handicapped by lack of power effectively to mitigate the wide movements of the business cycle. He said:

With ordinary weather, there will be such an abundance of agricultural products that agriculture will not be a contributing factor to the price rise situation. Over the long run, the tendency of agricultural prices to experience wide fluctuations would be minimized by a practical formulation of my ever-normal-granary plan. Farmers, processors, and consumers all would benefit.

Secretary Wallace did not imply that short term price movements could be controlled by the means he suggested. The implication, however, is that the ever-normal-granary plan would, at least theoretically, have a somewhat dampening influence on speculation.

To summarize:

Beginning in November, 1936, wholesale prices increased rapidly. In part, this may be regarded as one of those periodic upward adjustments characteristic of business recovery and stimulated by various forms of inflation which have characterized the period since 1933. While the monetary, agricultural and other policies of the present government have throughout aimed at a recovery of business and especially prices, the changes since last October have reflected an important degree of increased business activity. Until now the cost of living increased only gradually. The increase has not been a prime factor in labor agita-

tion, although it may become so.

Recovery has been uneven. In some lines it may have been overdone, with future reaction a likelihood. Productive capacity in many lines is still partly idle. Workers are still unemployed. The price situation is thus subject to natural controls. Should a boom develop, the Government will deplore it. Washington may attempt to palliate the situation.

But the public statements of government spokesmen, disclaiming responsibility for the rapidity of the recent price rise, indicate that Washington looks to the people themselves, and to natural forces, to avoid an unhealthy boom. That agriculture and labor should maintain their increased share of the national income is the foundation of the Administration's policy. That the Administration could, with the broad powers it is seeking, control the business cycle is questionable. That it cannot control them with its present powers is clear.

Whether the monetary and other policies which have been pursued the past few years have set in motion economic and inflationary forces which will eventually cause vital trouble, only time will tell. Already serious problems have been raised. However, although a balanced budget is not yet in sight, the increasing attention to signs of inflation is a favorable development. Over the long run, the outlook is for continued recovery, more employment, higher wages, and greater government influence in business.

What's Coming in June

★ ★ ★

Have College Men Grown "Choosy"?

By Christian Gauss

Business men will shortly be besieged by college graduates looking for jobs. If they hire these men, what may they expect to get? Have college men, as frequently reported, taken a "the-world-owes-me-a-living" attitude? Are they willing to work? Are they capable? The Dean of the College, Princeton University, answers these questions.

Let's Find out about "Bigness"

By James E. Boyle

We have been frequently told that, through corporations, more and more power is being concentrated in fewer hands, that, in Adam Smith's day, business was conducted by small units. Here is the truth, as revealed by history.

Business Looks Ahead

A special 48 page section reporting the twenty-fifth annual meeting of the United States Chamber of Commerce. The subjects covered will include: Labor relations, tax policies, farm tenancy, world trade, conservation, insurance, construction, price-making in distribution, and transportation.

Let's Look at Our Foreign Trade

NATIONAL Foreign Trade Week, sponsored by the Chamber of Commerce of the United States, is to be observed this year from May 16 to 22 inclusive. The Department of Commerce, National Foreign Trade Council, and other national organizations are cooperating.

National Foreign Trade Week has a two-fold purpose:

First, to direct attention to the foreign trade of the United States, its national importance, and its relationship to domestic industry and trade.

Second, to stimulate local survey and development of foreign trade possibilities in individual cities and towns and in individual industries.

Local celebrations

IN NEARLY every community celebrating the Week, a principal meeting will be held, sponsored jointly by organizations participating in the celebrations and with one or more prominent speakers and honor guests.

Many coast cities will include tours of the harbor and ships, on May 22, which has been designated by Congress as "National Maritime Day" to commemorate the sailing of the *S. S. Savannah* on the first trans-Atlantic round trip by a steam-propelled vessel.

Plans have been well advanced for the "World Two-Way Trade Fair" in the Port Authority Commerce Building in New York City from May 10 to May 22, the last week thus coinciding with National Foreign Trade Week. The Fair will exhibit products and services of foreign trade, including both exports and imports.

Special programs, of course, will be held during the actual days of National Foreign Trade Week.

In the past, a number of public-minded foreign trade executives have given their time and labor before and during the week to educate as many as possible to the benefits of international trade. Last year the 600 participating organizations throughout the country were double the number cooperating in 1935. Even greater cooperation, it now seems, will be obtained this year.

Helpful information regarding the observance of Foreign Trade Week may be obtained, by interested organizations, by addressing the Foreign Commerce Department, Chamber of Commerce of the United States of America, Washington, D. C.
W. L. H.

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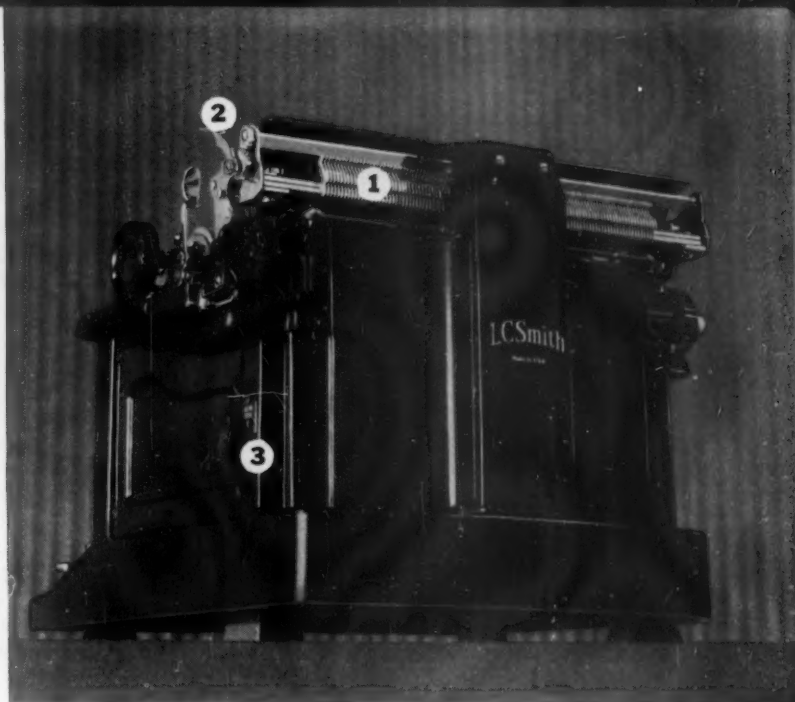
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Front view of new Super Speed L C Smith, showing operating convenience and completeness, plus the good looks that mean sound design.



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- ③ **New Micro Touch Selector.** Operator can adjust touch to the slightest variation—as easily as setting a radio dial; no moving or

lifting of machine. Just turn the wheel and watch the sensitive tension indicator. Quick and accurate to re-set. A new idea in touch selection.

- ④ **New One-Hand Variable Line Spacer.** Operator's left hand grasps left platen knob, pressing in at same time—thus releasing inner ratchet and turning platen freely to any desired position. A huge time-saver for filling in forms.
- ⑤ **New Finger-fit Key Cards.** Concave, comfortable; reduces errors from slipping fingers, relieves finger tautness, saves nerve fag in sensitive finger tips.
- ⑥ **New Right or Left Shift Lock Release.** Another time-saver for fast operators . . . another aid to efficiency!
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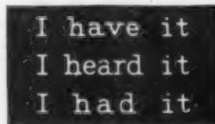
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By CARLISLE BARGERON

OUR advancing civilization has now made it possible to tell what brand of cigarette a senator smokes, or if he doesn't smoke, the brand he would prefer if he did. This situation has aroused criticism by fellow senators and has been like manna from heaven for weary cartoonists. It provoked one caricaturist to portray the senators sitting at their desks with advertisements printed on their backs

and with for rent signs on their bald heads. Senator Joe Robinson, leader of the Senate, was moved indignantly to describe the senatorial cigarette endorsers as having committed just about as undignified an action as he could possibly conceive.

The members of the House have shown no pronounced tendency to criticize the senators for lack of dignity. Their attitude is more one of

envy. They don't go in so much for dignity in the House.

But this action of some senators in picking up an extra \$1,000 or \$1,500 for endorsing a cigarette does raise the question of whether our national lawmakers lead a dog's life, as contended on the one hand, or the life of Riley, as others claim.

The \$10,000 a year salary which both senators and congressmen receive is not to be sneezed at, and it is a fact that the country has never suffered from a shortage of national lawmakers because of inadequate pay or any other reason. Neither is it a matter of record that anyone now in the House or Senate intends to leave of his own accord.

Yet I know one bachelor senator who used his offices for living quarters. He later got married so it may have been that he was saving his pennies. Then, for years there was a congressman from a southern rural district who could never be reached at the very ordinary rooming house where he lived until 12 o'clock at night. Some of the newspapermen thought him to be a gay old bird until they learned that he shared his room with a railroad man who went to work at midnight when the congressman took it over. The \$10,000 a year salary was higher than either of these gentlemen had ever received before. The senator is now dead. The congressman, subsequently defeated for reelection, is not making more than a third of his congressional salary.

Higher pay in Washington

INDEED, it is a safe estimate that 80 per cent of the members of both Houses receive a greater income for their services than they previously enjoyed. For these, sudden retirement at the hands of their constituents might mean a distinct drop in their standard of living—depending largely on whether their political party was in power. If it was they could look for appointment to one of the multiple government agencies. There are around Washington many former congressmen and former senators who have difficulty making ends meet.

A study of this angle of Capitol life presents a paradox. With relatively few exceptions, the legislators live

From a Business Man's Scratch Pad . . . No. 13





... And how he would approve our latest models, made of Monel Metal...

by J. E. HALL, President of AMERICAN STERILIZER COMPANY



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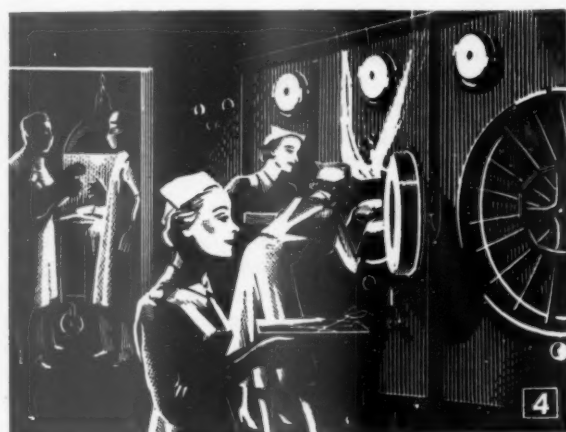
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mend Monel Metal which is stronger than steel, resists corrosion, and can't rust.

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strong, rust-proof, and corrosion-resistant. What is not so well known is that Monel Metal is obtainable with tensile strength in excess of 150,000 lbs. p.s.i., or with



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modestly and do not go in for lavish entertaining. Their homes are scattered all over the city, in rooming houses, boarding houses, apartments, residences and hotels—in the more pretentious sections, and so to speak, on the other side of the city's railroad tracks. There is hardly a community in Washington that does not boast a member of one or the other legislative branches.

Yet the \$10,000 a year is not all the gentlemen and gentlewomen get.

A Minnesota insurance man attracted considerable attention last November when it developed he had been elected to serve two months of an unexpired term covering a period when the Senate was not in session. He subsequently visited Washington and had the time of his life telling the newspapermen of the various senatorial perquisites he was enjoying.

First, in addition to his two months' salary, he received in a lump sum, 20 cents a mile from Minnesota to Washington and return. As this trip costs slightly more than three cents a mile, the mileage allowance means a tidy sum to one distantly removed from the Capital. For a member representing a California constituency it means about \$1,200 for each session of Congress. Of course, the congressman who has a constituency just across the river in Virginia receives only about \$2.80, but then he continues to "live at home" during the sessions.

Free items cut living costs

ANOTHER thing the Minnesota insurance man learned was that he had free garage space at the capitol, free mineral water, free pictures for his office, free medical, surgical and dental service for himself and family. He also had the facilities of two government hospitals, Naval and Walter Reed, for himself and family. Furthermore, if a legislator dies in office, the Government shoulders all the expenses of his funeral and pays to his widow the remainder of his salary for the year. He can be buried free in Congressional Cemetery. In the summer he and his family can take a delightful vacation trip to Alaska, to the Virgin Islands, to Panama, to Hawaii, to any of Uncle Sam's possessions, on a government transport, by paying only for the meals, usually \$1 or \$1.25 a day.

Several of these junkets are made every year and, although it is not written down in the law, the Army or Naval Aviation Services will, at his request, fly him to most any place he wants to go. For that matter, many commercial aviation lines, not yet having come under the rigid regula-

tion of the Interstate Commerce Commission, will be delighted to give him a pass. There was a time when the legislator could ride free on the railroads. If he has no aversion to flying he can ride just as free today, and does. The aviation lines are subsidized by the Government.

Special rates are available

FROM this point on the perquisites and the possibilities for making additional money vary with the particular senator or congressman, with the degree of prominence he has attained. Any of Washington's leading hotels, for example, will be glad to let a drawing card, either senator or congressman, have a suite for a nominal sum, even so nominal as \$1 a year. Vice President Garner who receives \$15,000 a year, lives under such an arrangement. Mrs. Garner serves as his secretary at a salary of \$4,600 a year. Besides the vice president is wealthy.

The high cost of entertaining is never a complaint with him either, because he doesn't entertain. One function on which he spread himself until this year was the annual Vice President's dinner to the President. But he has now abandoned that. Mr. Garner likes to go to bed early.

Similarly, Vice Presidents Coolidge, Curtis and Tom Marshall lived at Washington hotels for nominal rates. Marshall who only got \$12,000 a year in his day, frequently complained that his salary was not enough to carry him. And every summer he would take to the Chautauqua circuit to augment his income. Additional compensation came to him one day most unexpectedly. With the Senate tied up in a tedious debate with the problems of the country, he dryly observed:

"What this country needs is a good five cent cigar."

He was rewarded handsomely for that and for the subsequent use of his statement by the manufacturers of a five cent cigar.

If a senator or an outstanding member of the House is a writer or a speaker he finds little difficulty in adding to his income. New York lecture bureaus list several national legislators who are available for speeches at a price. The bureaus have these gentlemen under contract by which they cannot make a speech, either gratuitously or for pay, without the approval of the bureau. Speeches in the legislator's own state are excepted. Some of those under such contracts use them mostly for protection. When approached by a civic leader or the leader of a patriotic organization, they have only to produce their contract and explain

how they would be delighted to make the particular speech except for this arrangement. But others are out for the money and their price runs from \$200 up and expenses.

Sen. Gerald P. Nye of North Dakota, one of those to get \$1,000 for endorsing a cigarette, confided to his colleagues in the early summer of 1936 that he was cleaning up \$15,000 a year as a speaker. The senator had become an outstanding peace advocate through his chairmanship of the Senate Munitions Investigating Committee and was in demand all over the country and even in Canada. His report to his colleagues, however, was one of the factors that led up to the ending of his investigation. They were resentful. The Senator is still an outstanding peace expert, however, and in great demand as a speaker.

For a senator or congressman to be in demand as a speaker—a paid one—he must be in the newspaper headlines. The prefix "Senator" means a lot in itself but a congressman must become known, either through an issue he has developed or by attracting attention in some other way. Congressmen do not have the opportunities senators have. The leaders or the chairmen of important committees are much sought after, but they do not have time to get around so freely. A particular trick with House members, though, is to make a speech for an honorarium before a group that is interested in legislation he is sponsoring.

Honorariums add to income

THE Anti-Saloon League used to be free with honorariums to legislators who were its friends. It made the Wets very indignant. But revelation of those receiving the honorariums caused the recipients no embarrassment, because those were the days when the Wets protested and the Drys had the votes. Now, if it were to come out that a gentleman had accepted an honorarium for speaking at the annual dinner of the Steel Institute it would be most embarrassing—that is, in these days and times.

Occasionally, a newcomer in the House forges right through the hodge-podge that the 435 members constitute and hits the headlines. He is then in demand. An example is Representative Maury Maverick of Texas. He is now serving but his second term yet he has as many speaking engagements as he can fill.

The run-of-mine congressman has to depend pretty much, however, on his salary, with mileage an item if he lives far away. Then, it is not an infrequent practice for him to have his wife, son or daughter on the pay roll as his secretary at \$3,900 a year.



AS OUTSTANDING FOR THEIR *Economy*
AS FOR THEIR *Beauty*—

KELVINATOR'S EIGHT WATER COOLER MODELS, FOR BOTTLED OR CITY WATER, COVER ALL NEEDS

It costs no more to have these new Kelvinator water coolers with all their new beauty—in fact it costs *less*, because Kelvinator coolers actually give more gallons of properly cooled water per dollar. When you see these new coolers don't let their smartness make you forget the fact that they were engineered by Kelvinator to cut the cost of better water cooling. Call on your Kelvinator Refrigeration Equipment dealer today, or mail the coupon.

new *Kelvinator* Water Coolers PLUS-POWERED FOR ECONOMY



Kelvinator products for business include: Room Coolers, Air Conditioning Units, and Central System Air Conditioning Equipment—Commercial Refrigeration Equipment—Truck Refrigeration—Water Coolers—Beverage Coolers—Ice Cream Cabinets.

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- () Send descriptive literature on the new Kelvinator water coolers.
() You may make a free survey of our water-cooling requirements.

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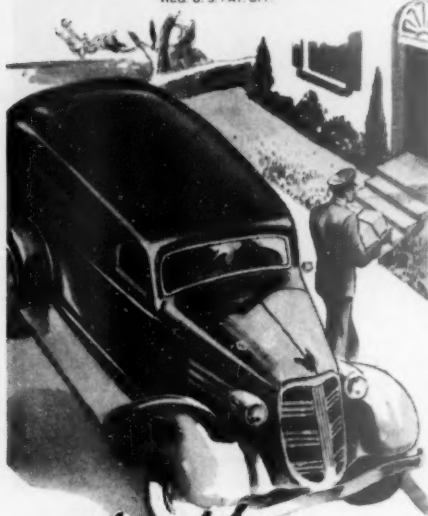
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**on TRUCKS
DULUX**

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**EXTRA BEAUTY
EXTRA SERVICE
LOWER COSTS**

DU PONT DULUX gleams on trucks of every kind . . . from the mammoth "highway freight car" to the light delivery speedster.

The brilliant lustre of Dulux makes each truck a handsome, smart-looking advertisement for its owner.

But more than that, *Dulux saves money*. Its extraordinary durability makes trips to the paint shop few and far between.

Dulux looks better, lasts longer, and cuts paint costs just as do du Pont finishes for every purpose.



REG. U. S. PAT. OFF.

*Paints..Varnishes
Enamels..Lacquers*
DU CO-DULUX

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REG. U. S. PAT. OFF.

He is allowed an additional clerk at \$1,100 a year, or he can divide this total of \$5,000 allowance up differently if he so desires. Nepotism among the House members was fairly rampant a few years ago. Criticism has curtailed the practice, though not eliminated it by any means.

A device now extensively used is for a congressman to have his relative on a fellow congressman's pay roll while he reciprocates by employing this congressman's kinsman. And in these days of greatly expanded government bureaus and agencies it is no trouble for a congressman or senator to get his family on the pay roll in the executive branch of the Government.

Some restrict their activities

SOME of the Capitol Hill gentlemen are sensitive about these practices. Notably, Senator Borah. In 1925 the lawmakers, then getting only \$7,500 a year, boosted their salaries to the present \$10,000. But Borah would not take the increase until he had been reelected, in other words, until after the voters had voted on him again. Manifestly, there would be no limit to the extra money this senator could make. But he lives simply in a Washington apartment and almost wholly on his \$10,000 a year. Only occasionally does he write a magazine article or make a speech.

A few years ago he underwent an operation and the surgeon, assuming he was a wealthy man, charged him \$10,000. Borah never complained. He drew in his belt, even to the extent of selling his horse, and set himself to the task of paying off the debt. Subsequently, the surgeon learned of his mistake and the bill was readjusted. The late Senator Beveridge used frequently to augment his income through magazine articles.

Wealthy senators, on the other hand, have lent their names to magazine articles written by their secretaries and given the money to the secretary. Former Senator David A. Reed of Pennsylvania, who never had to worry about the wolf at the door, did this.

Parenthetically, the broadcasting companies do not make it a practice to pay the legislators when they go on the air, their problem being more to keep the legislators from cluttering up the waves. But occasionally, when the companies are seeking the speaker, they have to pay. The late Huey Long once raised Cain to get time on the air with a controversial question and, when he got the time, demanded pay.

Of course, many of the members of both houses have other interests. Sen. Arthur Capper of Kansas is the pub-

lisher of two newspapers and some magazines. Sen. A. B. Adams of Colorado is a banker. No one of the leaders of the House would miss any meals were he to lose his job tomorrow. Speaker William B. Bankhead and Majority Leader Sam Rayburn, for example, have extensive farming interests. Too, there are 71 senators who are lawyers and in the House at least 65 per cent are lawyers.

Those lawyers who had any appreciable practice before entering Congress, with few exceptions, keep up a legal partnership back home. Sen. Joe Robinson remained a member of an Arkansas law firm through his more than 20 years in the Senate until Huey Long made it the subject of sharp criticism. The law is that no member of Congress can practice before a government department. The practice, most generally, is simply to permit the use of one's name in the partnership.

Their job is not secure

CONTRARIWISE, the ordinary member of the House who entered Congress before he had built up a practice, finds his practice gone when he fails of reelection. This feeling of insecurity is in a large degree responsible for the thrift instinct in so many members. The fact that a man has been lifted from a \$2,000 income of a rural section to \$10,000 does not mean that he is a \$10,000 a year man for life. If he is a member of the House, instead of the Senate, he must go before the voters every two years. This writer knows of several men of this type, too, who had to put a \$1,500 or \$2,000 mortgage on their home for every campaign. The odds and ends of a rural campaign cost them this much.

Yet the Government is solicitous about the reelection of these men. If they are members of the incumbent party they have their little horde of patronage workers and every congressman and senator has the franking privilege by which he can ply his constituents with campaign appeals.

The amount of work which a national lawmaker has to do varies with the temperament of the man. Some legislators have "worked themselves to death." But they don't have to.

With the tremendous increase in personal service, life in Congress obviously isn't what it used to be.

There was a time when a legislator could hang around his tavern all day and have his secretary notify him when a vote was about to be taken. Even today he can be at his home seven miles away and get to the capitol in the 45 minutes it takes to complete a vote in the House. In fact, a member can almost invariably be re-

corded for or against a piece of legislation even if visiting in Europe through the medium of a "pair" with a member on the opposite side of the question. Only a comparative few members remain on the floor unless an outstanding issue is pending. They attend committee hearings or conduct their "home work" or take naps or do whatever they please until gongs all over the capitol and the Senate and House office buildings notify them when a vote is to be taken.

It is the "home work," however, that gives many of them gray hair. The trend of the federal Government has been steadily to project itself more and more into the daily lives of the people. The personal service which both senators and congressmen, notably the latter, seek to render their constituents has increased, perhaps, one hundredfold. Washington is cluttered up with bureaus to help the farmer in his planting, the business firm in its business, the youngster in his education and so on without end but the rank and file still look to their senators and congressmen for the adjustment of their grievances. They don't know Harry Hopkins or Harold Ickes but they do know the congressman. So they write him to make Harry Hopkins increase Uncle Joe's relief allowance, or to make Ickes allot the community a public building, or to find out why a neighboring farmer is getting a larger soil conservation check.

Constituents want service

THE average congressman, in fact, gets letters about everything under the sun. Mr. Roosevelt, say the students, has aroused a great mass consciousness. But it is the congressmen who get the brunt of this arousal. And although they complain about the work, they have done nothing to discourage it. Instead, they have made it a point to cater to this personal service demand. When seeking reelection they emphasize there is no problem of the constituent too small for their concern.

But the more experienced statesman has his secretarial staff organized to handle this work. Last year the senators increased the number of their clerical staff to five. The chairmen of committees and the leaders of both Houses have additional assistants.

A close study of the situation leads to the conclusion that very, very few of the gentlemen violate the eight hour day or the 40 hour week. And they usually have long vacations between sessions.

One thing is certain:

If they were ever to go on strike they'd be overwhelmed by those willing to take their places.



THE LIGHT THAT NEVER FAILS

● The gleaming green signal light that bores through the darkness means full speed ahead for the Erie fast freight. Here is the light that never fails—thanks to the signal inspector who maintains constant supervision of this all-important equipment.

The inspector, traveling the main line in his tiny rail car, is one of the thousands of Erie employees who guide and guard your freight. They work with one thought in mind—to get the freight through on schedule. Every man on the Erie knows that time is money.

If you want your freight to travel faster, specify Erie.

*Travel
the Scenic Erie*
... between New York, Binghamton,
Elmira, Buffalo, Chautauqua Lake,
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AIR-CONDITIONED TRAINS
EXCELLENT MEALS • FINEST
SERVICE • LOWEST FARES



RAILROAD SYSTEM

THE HEAVY DUTY RAILROAD

Leaders in the March of Business



P. W. Litchfield

FOR NATION'S BUSINESS BY HAMMER



Thomas H. McInnerney

WIDE WORLD



O. Max Gardner

FOR NATION'S BUSINESS BY HAMMER



Silliman
Evans

BLAKESLEE-LANE

P. W. LITCHFIELD, president, Goodyear Tire & Rubber Co., told his stockholders that consumption of crude rubber in U. S. last year exceeded previous high (1929) by 22 per cent—field for new uses only scratched—cited 40,000,000 steel wheels on farms as possible market for pneumatic tires.

O. Max Gardner, former governor of North Carolina, represented American textile mill employers at Washington conference of textile producing nations. The former governor erected Cleveland Cloth Mills about ten years ago as a small plant. Now valued at \$1,000,000—employs 800 workers.

Thomas H. McInnerney, National Dairy Co. president, reported large part of company's 42 per cent increase in earnings was due to manufactured milk products . . . and by-product business. . . . Fluid milk operations declined in relative importance.

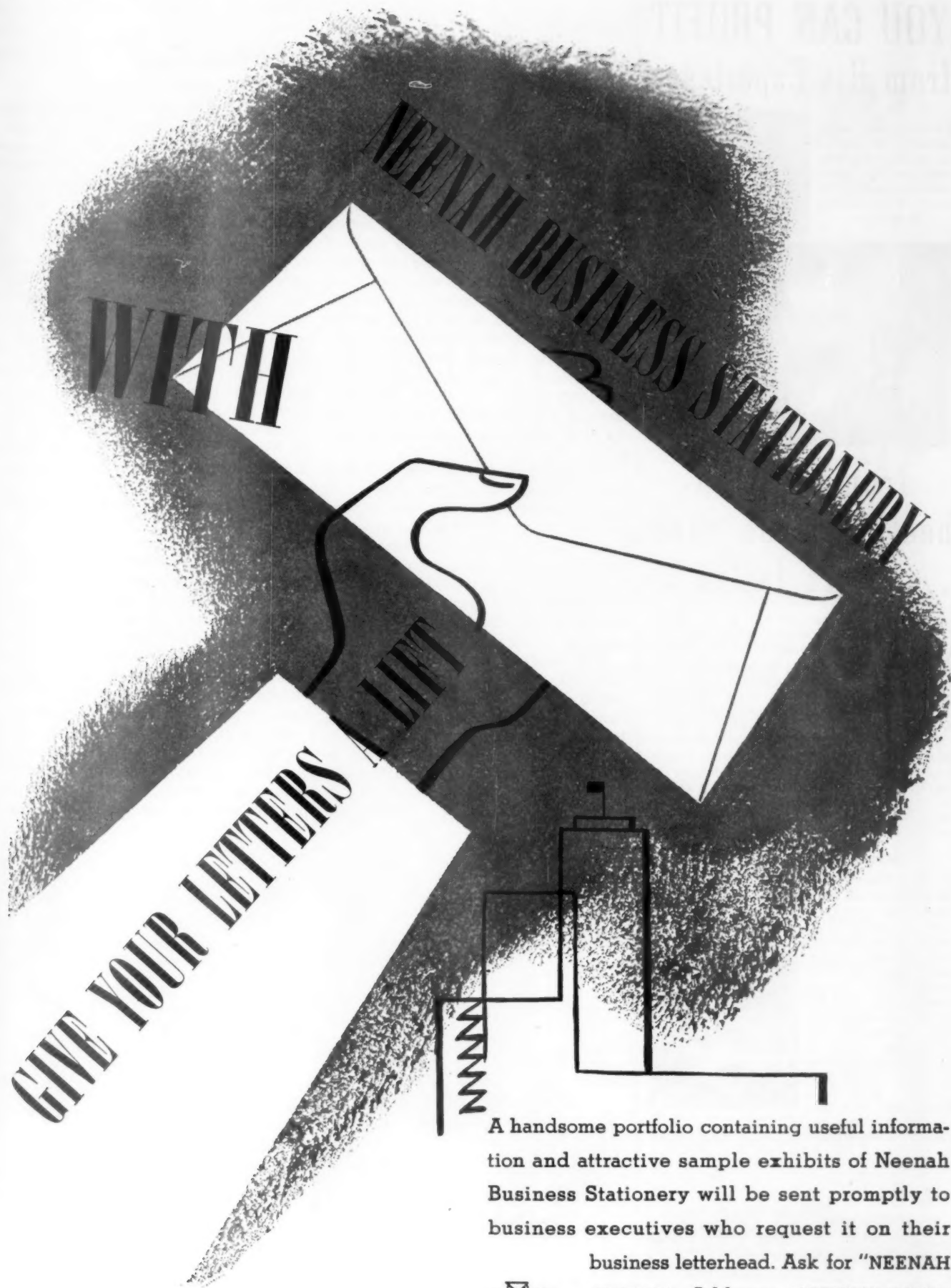
Silliman Evans, chairman, Maryland Casualty Co., broadcasts his company's 40th anniversary greetings to 21 branch offices from Massachusetts to Hawaii. Mr. Evans, formerly fourth assistant postmaster general, recently became part owner of a Nashville newspaper.



COURTESY EASTERN UNDERWRITER

Michael J. Cleary (left)

Michael J. Cleary, president of the Northwestern Mutual Life Insurance Co., now celebrating its 80th anniversary. Organized four years before Civil War, Mr. Cleary's company, with more than \$1,000,000,000 assets, now ranks sixth among the more than 300 life insurance companies in the United States.



A handsome portfolio containing useful information and attractive sample exhibits of Neenah Business Stationery will be sent promptly to business executives who request it on their

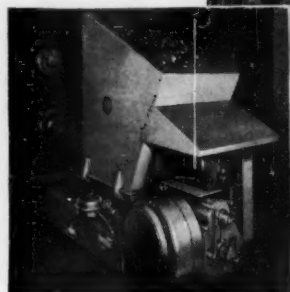
business letterhead. Ask for "NEENAH PAPERS". Address: NEENAH PAPER COMPANY • NEENAH, WISCONSIN



THE BEST PAPERS ARE MADE FROM RAGS • IDENTIFY RAG CONTENT QUALITY BY THE NEENAH OWL WATERMARK

YOU CAN PROFIT from His Experience

J. F. Palmer, President, Palmer Products, Inc., in front of his hunting lodge. Below: Heavy duty Iron Fireman stoker for commercial heating or power boilers developing up to 300 h.p.



Iron Fireman heating made good ...others failed



If you pay fuel bills you have the same opportunity to cut costs and improve heating service that Palmer Products had. Three years ago this well known company replaced another type of automatic firing equipment with an Iron Fireman automatic coal burner which feeds coal direct from bunker to boiler.

J. Frederick Palmer, President, says: "Previous to the Iron Fireman installation, steam supply in cold weather was entirely inadequate to supply our requirements for processing and to keep our building comfortable. Not only has Iron Fireman provided better heat, but it has cut fuel costs as well."

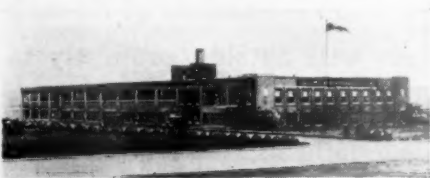
IMMEDIATE DIVIDENDS

An Iron Fireman installation pays immediate dividends. It cuts fuel and labor costs, maintains steady heat or power, eliminates smoke nuisance.

A fuel and firing survey of your boiler room will give you facts on Iron Fireman savings and betterments over your present firing method. Ask your dealer to make this survey. No cost or obligation. Or address the factory at 3202 W. 106th St., Cleveland, for catalog. Iron Fireman Mfg. Co., Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Mr. Palmer in his office, surrounded by trophies of big game hunts in the North Woods.



Plant of Palmer Products, Inc., Waukesha, Wisconsin.

IRON FIREMAN

AUTOMATIC COAL BURNER

Prosperity in a Coffee Cup

(Continued from page 136)

them as souvenirs, autographed in crayon. A few days later a carload of the ware rolled eastward to a chain store system, its check in payment eagerly awaited.

The various expenditures Reese had made in acquiring the factory and putting it in condition had so exhausted his resources that he could not meet his first operating pay roll, about \$1,600. Those who had backed him knew this and 20 of them, putting in \$100 apiece, lent him \$2,000. No sooner was the fund in hand than the bank holiday occurred; but presently it was available, and Scio had its first substantial pay roll in five years.

To the first kiln Reese now has added four more and the capacity of the factory has been increased in that proportion. In addition to cups and bowls he now makes saucers and plates and other necessary pieces of tableware, together with flower pots, lamp bases and pottery novelties. The line includes colored ware, which is growing increasingly popular.

The steady climb of the business is reflected vividly in the freight receipts at one of the railroad stations. From \$150 a month in 1932 they jumped to an average of \$4,000 in 1933, to \$5,000 in 1934, to \$9,000 in 1935, to \$14,000 in 1936 and to \$16,000, so far, in 1937.

The success of the enterprise,

primarily, is in the processes Reese has installed. In most factories the ware is fired twice in the kilns; Reese makes one firing suffice. Normal production time, consequently, is reduced by half. Money also is saved in handling, by the use of conveyers. Labor, too, is a factor.

The Scio factory operates on an open-shop basis, although, for the most part, the industry elsewhere is highly unionized. Reese, at one time a union leader himself, takes the position that the union scale cannot possibly apply under his manufacturing methods, since it provides for payment by piece-work. His scale provides for a flat hourly rate, and some of his workers—all of them on six-hour shifts, four shifts a day, seven days a week—earn more than others do for corresponding work in other factories.

Some months ago a handful of union organizers went to Scio intending to bring the employees of the Reese factory under their wing. They got a chilly reception, however, and authorities turned down their request for the use of the school house for a mass meeting. A series of rebuffs, chiefly from the factory workers, led them, finally, to depart in disgust.

Reese, in consequence, and to settle the issue, called his employees to the box factory, a second industry which has come to Scio as a result of the first. There, on neutral ground,



"Would ye mind if I joined the Amalgamated Federation an' Benevolent Pertective Society of Housemaids an' Domestic Cooks, Mr. Gafney?"

he allowed them full rein to discuss union membership. Finally, when everybody seemed talked out, he put the question:

"All in favor of unionizing the factory signify by saying: 'Aye?'"

There was a moment of silence, a second one, and a third. Then, finally, he said:

"All in favor of remaining as we are signify by saying: 'No.'"

The vigor of the answer shook the box factory. All talk of joining the union has ended.

Reese, at the head of the plant, is one of the men. He is as likely to be found under a clay mixer in the rear of the plant as at his desk in the front. He usually manages to wear a white shirt but half the time his clothes are covered with dust and grease.

His friends tell funny stories about him. Once a fastidious salesman refused to believe the man with soot on his face was the owner of the factory. On another occasion he went to Wheeling unexpectedly, and without changing his clothes. Lunch time came, and he went into a restaurant.

"Ham and eggs and coffee," he ordered.

"Ham and eggs and coffee?" the waiter echoed. "Say! Who do you think we are? And who do you think you are? You'll get soup, and that's all. That's what we give to you guys."

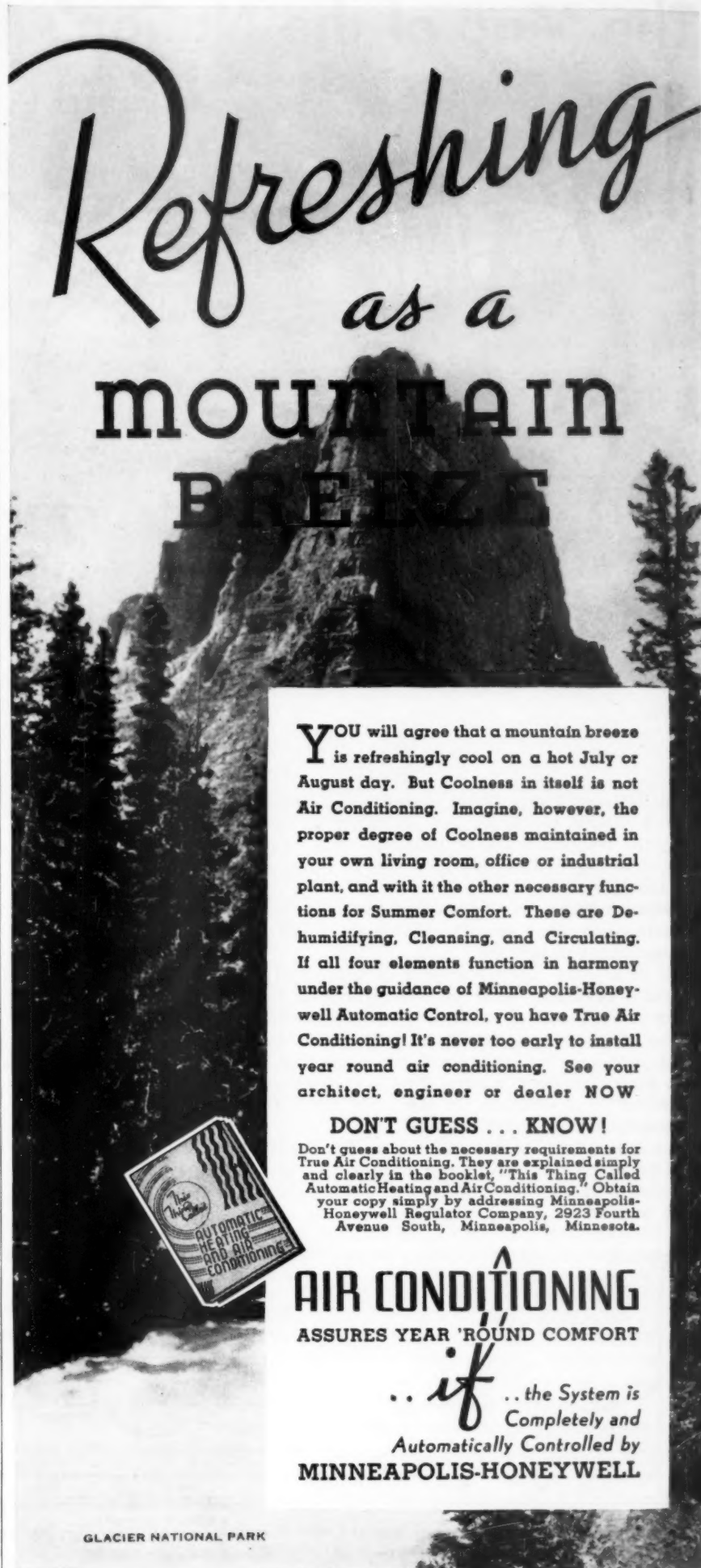
He has the respect and confidence of the people who work for him and he knows them all by name. They all call him "Lew."

A day for celebration

SCIO likes to remember February 13, the day the first white cups came from the kiln in the rebuilt factory. February 13, consequently, is the date of the annual banquet Reese gives for the employees, the men of the town who helped him get his start and the representatives of the chain store systems and jobbers, to whom the product is largely sold.

The banquet is held in the basement of the school house, which, in view of everything, is being enlarged. The fried chicken, mashed potatoes and gravy and lemon pie are prepared by the women of the churches. On February 13 last about 600 attended the banquet and the leading citizens made speeches, including Mr. Brobston, the station agent, who explained that the Pennsylvania Railroad had recognized the resourcefulness and enterprise of Scio by more than doubling his salary.

And the climax came when everybody, holding up Scio-made cups full of Methodist coffee, drank to the health and prosperity of Mr. Reese, the hero of the town.



Refreshing as a MOUNTAIN BREEZE


YOU will agree that a mountain breeze is refreshingly cool on a hot July or August day. But Coolness in itself is not Air Conditioning. Imagine, however, the proper degree of Coolness maintained in your own living room, office or industrial plant, and with it the other necessary functions for Summer Comfort. These are Dehumidifying, Cleansing, and Circulating. If all four elements function in harmony under the guidance of Minneapolis-Honeywell Automatic Control, you have True Air Conditioning! It's never too early to install year round air conditioning. See your architect, engineer or dealer **NOW**.

DON'T GUESS . . . KNOW!

Don't guess about the necessary requirements for True Air Conditioning. They are explained simply and clearly in the booklet, "This Thing Called Automatic Heating and Air Conditioning." Obtain your copy simply by addressing Minneapolis-Honeywell Regulator Company, 2923 Fourth Avenue South, Minneapolis, Minnesota.

AIR CONDITIONING
ASSURES YEAR 'ROUND COMFORT

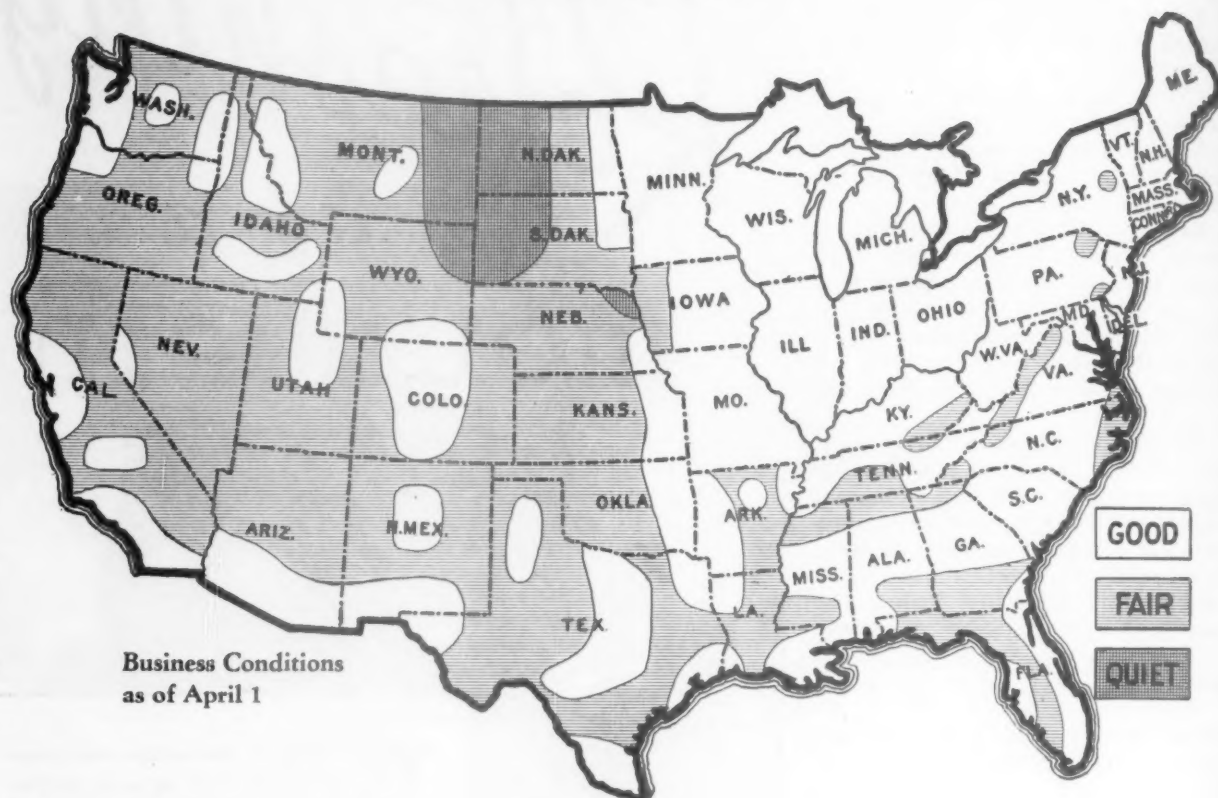
if . . . the System is Completely and Automatically Controlled by
MINNEAPOLIS-HONEYWELL



GLACIER NATIONAL PARK

The Map of the Nation's Business

By FRANK GREENE



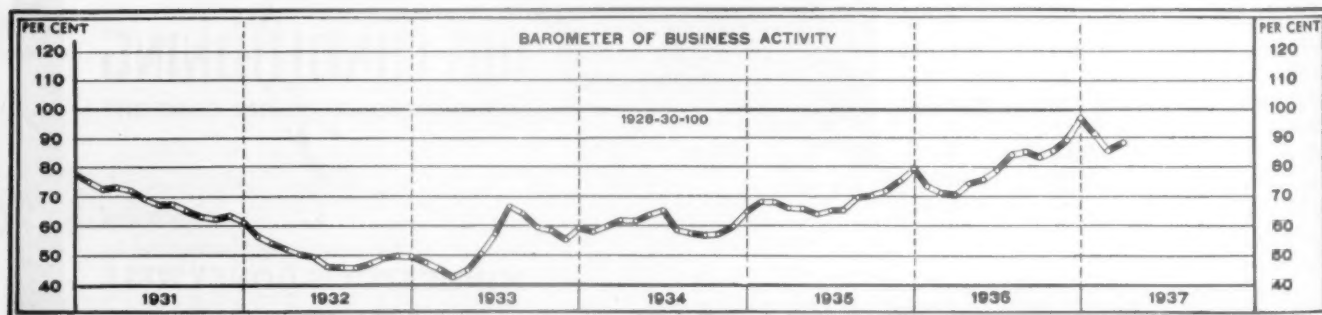
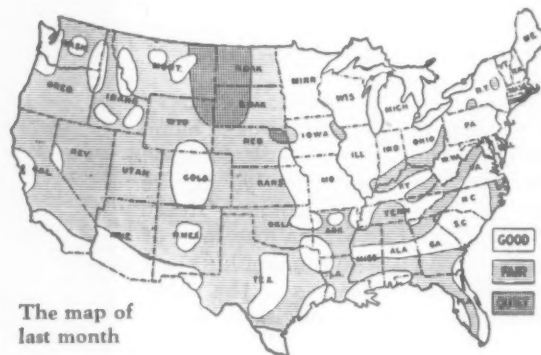
MARCH trade and industry, aided greatly by the early date of Easter, continued and expanded the rally shown from the relative quiet of January. Collections, which seemed to lag in the February rise in trade, expanded last month.

Failure returns show a steady decline in number despite the enormous growth in volume of business and number engaged therein.

All in all, the April 1 exhibit of trade and industry compares favorably with the best records of the past 15 years. A good deal of friction has been generated in the course of the improvement as proved by the strikes which have plagued business. Some argue that these ills have done some good because they have acted as a brake on excessive production. On the other hand, they have increased costs of doing business.

The agricultural situation is not as yet clearly defined but last year's short crops and present high prices seem to indicate an enormous acreage and a possible burdensome surplus.

Improvement in industrial areas and higher prices for farm products are clearly indicated in the April 1 map



BASED ON INFORMATION SUPPLIED BY DUN & BRADSTREET, INC.

With all factors moving upward, the Barometer rose considerably in March, reflecting the general recovery in business, higher wage scales and rising prices for raw and manufactured products



"It's a fine arrangement," a farmer says. "I borrow his mower; he borrows my tractor." . . . A storekeeper leans on his counter, "Bill Smith buys his groceries from me. Why shouldn't I buy my hardware from him?" . . . "When Jimmie is well enough, we'll treat him to a trip to the seashore," a good neighbor says to a sick child's parents. . . . How neighborly should a milkman be?

Neighborly enough to employ, first of all, men and women in his immediate locality. Neighborly enough to spend practically all of every dollar of his sales in his home town—to purchase supplies and equipment. Neighborly enough to feel that the taxes he pays the community are his just obligation, as a citizen.

By such standards, Sealtest member companies qualify as "neighborly enough milkmen."

They buy, from their neighbors, a total of twenty million gallons of gasoline annually. They feed their horses eleven hundred carloads of hay bought from their farmer friends. Many

auto-supply houses share in the three-quarters of a million dollars they spend for automobile tires. Their total expenditures for raw products, supplies, equipment, payrolls, taxes, and a-thousand-and-one items amount to more than a fifth of a billion dollars yearly—reaching and benefiting thousands of their neighbors.

How neighborly should a milkman be? Neighborly enough to be a genuine part of his community. That's how neighborly a milkman should be. That's how neighborly Sealtest member companies are.

• SEALTEST, INC., maintains a unified program of dairy research and laboratory-control directed by some of the country's foremost food-scientists. A separate division of National Dairy Products Corporation, it awards the Sealtest Symbol to those foods produced by National Dairy Companies under Sealtest supervision. Found on the nation's leading brands of ice cream, milk and other dairy products, the Sealtest Symbol is the buying-guide of millions of consumers. Make it your guide too.

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THE SEALTEST SYSTEM OF LABORATORY PROTECTION





California

*Steps into
Everyman's*

Two Weeks vacation *picture*

Actually that Two Weeks' Vacation, that means so much to so many of us, is usually 15 days long—with its three Sundays; 16 days long, whenever you can slip away Friday evening.

So it is that California, with the new speed, low cost and air-conditioned comfort of western rail travel, has stepped right into the Two Weeks' plans of thousands of men and women who once thought it out of reach of their vacation time and means.

10 Days in California

Even from as far away as New York, you can have ten or eleven brimful, golden days in Southern California. En route, via Santa Fe, there is ample time to include glorious Grand Canyon.

The SCOUT

And for economical travel, we commend to you Santa Fe's new daily Scout—swift, air-conditioned, for coach and tourist-Pullman passengers only. Featured are Fred Harvey dining car meals for 90c per day; free pillows, cups, porter service; a lounge car for tourist passengers.

• The new stainless-steel Super Chief, the world's most superb train, will enter service this Spring, the date to be announced shortly.

5 Trains Daily to California

W. J. BLACK, P. T. M., Santa Fe System Lines,
1082 Railway Exchange, Chicago, Illinois
Send California and Grand Canyon folders with
information about fares

from _____ to _____
Name _____
Address _____

He Could Have Worked Harder

(Continued from page 116)

it. He knew that if she judged it only by the price tag, he would make no sales.

The Iowan told his field men to hire and train men to demonstrate in the home, even pay the housewife \$1 to listen to the story, but not tell the price until the demonstration was made.

Women's curiosity was aroused. Within one month after the new washer was introduced, hundreds of salesmen were working, actually day and night, making demonstrations.

Knocking on doors, ringing doorbells, taught Maytag men the fundamentals of selling. They came to know their washers as well as they knew their own names. Starting at the bottom, mastering every detail by experience, resorting to every sort of striking stunt to impress their prospects, Maytag's salesmen even today reveal their employer's flair for showmanship.

Severe tests for the washers

IN THE old days, when women were ultra-skeptical, the salesmen used only cold water with no soap to show that the cleansing mechanism actually would take soil out of overalls. They put tire chains in the aluminum tub, turned on the power to show the metal could not be harmed. Now they run broom handles, two-inch planks, dollar bills, through a wringer side by side, to reveal the power and the adaptability of the rolls.

Like most business men who find a perch on the top roost, Fred Maytag lost some feathers on the way up. Because of the success of his own organization, others sought to enlist his genius and use a share of his capital. Again like most other business men who venture into their neighbor's pasture, he found that the grass wasn't as green as his own.

He lost in other fields

HE took a defeat in the promotion of the South Dakota Central Railroad, connecting Sioux Falls, S. D., with Watertown. After a financing refusal from bankers after Maytag's endorsement was already on a preliminary equipment note, he suffered a complete sacrifice of his corporation investment plus a personal loss to make up his guarantee of the equipment note.

Though he could have sold out on a deal that would have benefited him, he refused to desert his associates. It

was a good lesson in "what not to do," he grimly told friends.

Another field that lured him was automobile manufacture. He became interested in a car devised by a young Iowa mechanic, Fred Deussenberg. He raised capital among friends, made a start, but discovered that his interest and his investments were being spread over too much territory. The washer business was increasing fast, required all his time and capital. He lost \$300,000 in the automobile venture, his friends lost what he had induced them to invest.

On Christmas morning, 1925, each received a Maytag check for everything he had lost in the motor-car wreck.

Howard Snyder who worked closely with Maytag for more than 15 years, producing such important achievements as the aluminum tub, multi-motor and the gyrafoam washing principle, refused a partnership interest and had an artist's disinterest in all financial affairs. Maytag saw that he had a fine residence, every convenience and proper remuneration for his usefulness.

Maytag still rides at least two days each week and last year his railroad mileage totalled 45,000.

He is a regular attendant at country-wide dealer meetings and his presence has become so common to district managers that special grooming for his appearance was given up years ago. He asks many questions—but gives few answers. He is still learning.

The Maytag home

THE town of Newton is practically built around the Maytag enterprises. Approximately one-half of the 12,500 population is directly dependent on the company.

Office and factory pay roll have 2,000 names. The town always has had, and attracted, good inventive talent. There are two other washer factories there, and a third, recently removed to another Iowa city, started as a result of the interplay of mechanical resource.

Newton's citizens give Mr. Maytag community birthday parties, with a public holiday of parades and speeches by the country's prominent business and political leaders. Credited to his name are a park, perpetually endowed, gifts to churches and hospital, many smaller beneficences, a Salvation Army citadel, an office building, an air-conditioned hotel. He celebrated his seventieth birthday by dis-

tributing \$135,000 among employees who had served the company three years or more.

Serving as state senator early in this century, Mr. Maytag and his group brought the abolition of the free railway pass system, adoption of the statewide primary election system, and put assessment of railway property on a parity with other valuations on the tax books.

Corporation laws were given teeth. Drainage legislation was enacted, a start made for pure food regulations and good roads.

As a member of the appropriations committee, Senator Maytag was in a place of particular strategic value. Placing all the state institutions of higher learning under one governing board marked Iowa as a pioneer in adopting a constructive stand toward some of its most important enterprises.

Devoted to his business

WHEN offered the post of U. S. Senator in 1926 as successor to the late Senator A. B. Cummins, he refused with the statement:

"I want to spend the rest of my life with my boys who have helped me build the business to what it is today. Years ago I needed their help—they need mine now."

As a philanthropist he holds to the ideal of being generous with opportunities. He believes work to be the great corrective of mental and physical ills. He feels that endowments which remove the incentive for work are wrong because they often soften the man. He tolerates no coasting. He never has permitted himself nor does he want anyone else to be satisfied with present accomplishments.

He couldn't retire

COMMENTING upon his life before a field meeting recently he said:

"Looking back over the past three-quarters of a century, I would not have had my life any different except I could have worked a little harder."

He has tried to retire but has always come back to active management with the statement, "I don't need a vacation. I don't know what to do with myself."

And thereupon he dives into some new phase of progress. The greatest philanthropy to him is to provide plenty of work.

Senator A. B. Funk has said of him, "Nobody ever heard Fred Maytag speak the language of a man down on his luck. He never whined, he was never sorry for himself. To him, that way lies material and moral disaster."

This booklet is available to business executives and attorneys on request.

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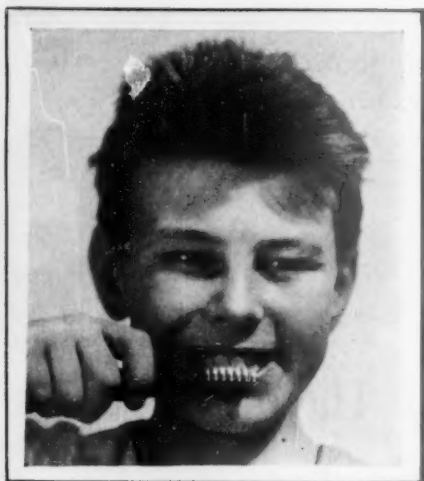
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WHEN DAD was a boy nobody used the word "vitamin." The family physician didn't inoculate against such minor ailments as whooping cough. It was only a few short years ago—still science had yet to discover many of its most important contributions to child health.

No teacher stressed gum massage in those days. But today in classrooms all over the country many teachers preach the health of the gums as well as the teeth—and drill their pupils in this dental health routine.

Gum massage is a practical need in this day and age. Our tender, well-cooked dishes cannot give our gums the exercise they need for hardness and health. Gums grow flabby, tender. Sometimes that tinge of "pink" appears on your tooth brush—a signal your gums need prompt attention.

Don't Ignore "Pink Tooth Brush"

Scarcely anyone is immune to "pink tooth brush." If you notice that "tinge" on your tooth brush—see your dentist. He alone should decide whether grave disorders threaten—or whether your gums simply need more work... "the healthful stimulation of Ipana and massage."

Ipana has worked closely with the dental profession for almost two decades. If you are not now using Ipana, get a tube today. Brush your teeth with it—massage it into your gums. You'll notice a new brilliance in your smile, a sounder, healthier tone to your gums.

REMEMBER—a good tooth paste, like a good dentist, is never a luxury.



IPANA TOOTH PASTE

"Planaceas"

(Continued from page 100)

by giving out a statement predicting a decline in the price of cotton if present crop prospects are realized.

The final result was the passage by the Senate of a bill making it illegal for the Bureau to forecast the price of cotton.

It is highly questionable whether the business interests of the United States are ready to accept the implications of this kind of planning. Even trade associations, closely knitted as many of them are, find themselves unable to adopt the sort of planning that ought to seem inevitable in the face of data which their able statisticians prepare. In short, under a price and profit economy, under conditions of competition and *laissez faire*, there seems little likelihood that this type of planning, with its reliance on the circulation of facts, bitter and unpalatable though some of them may be, would work any better in the future than it has in the past.

Competition or collectivism

THEN there is the problem of compulsion or sanction.

"One of the most interesting tasks of the planning board," says Chase, "will be an attempt to draw the line between those economic areas where competition is still useful and those where it has outlived its usefulness and either is already supplanted or should be supplanted by some form of collectivism."

Interesting is no name for it; it is of first-rate importance, particularly to the owners of decadent plants and run-down enterprises who want to unload them on the Government—at a price. But perhaps not so interesting for those who still continue to cherish the hope for profits and gain in the individual enterprises which they own or conduct.

But can this planning not be carried out indirectly? May not the planners control and direct the course of investments, thereby putting the brakes on certain industries and encouraging the development of others? In support of this procedure, its advocates invariably quote Mr. Justice Brandeis's dissenting opinion in the Oklahoma Ice Case:

Increasingly doubt is expressed whether it is economically wise, or morally right, that men should be permitted to add to the producing facilities of an industry which is already suffering from overcapacity.

But this familiar portion is only part of the quotation. The planning

fraternity usually omits what follows. Continuing, Mr. Justice Brandeis added:

The objections to the proposal are obvious and grave. . . . Each of the thousands of judgments involved in carrying out the plan would call for some measure of prophecy. But even more serious are the obstacles to success which inhere in the demands which execution of the project would make upon human intelligence and upon the character of men. Man is weak and his judgment is fallible.

Quite as serious as this problem of human intelligence and the character of man is the practical problem of finding other investment channels. Let us suppose the ice business is closed. Capital forbidden to enter this industry will turn elsewhere so that, as one writer says, "If any industry were not already sick, it would soon be made so."

There is the further problem of scientific knowledge equal to the colossal task of national planning. Most planning enthusiasts assume that planning would be relatively simple. To be sure, mistakes might be made from time to time but as one of them says, "If plan A does not work, we can try plan B."

That the American investor and the American business man might register some impatience and some hesitancy in the face of all this experimentation seems never to occur to them. As a matter of fact, how much do we actually know about the economic, psychological, political, social and other forces that determine the actual course of human events? What do we know about the business cycle or about the drift and trend of industry? Precious little.

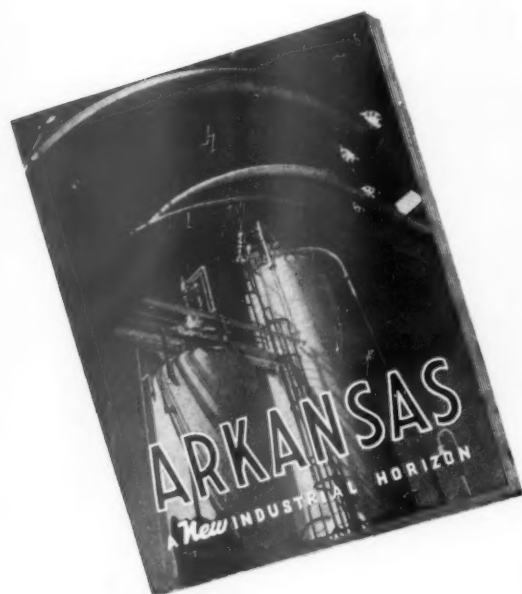
Economists are not even agreed that there is a business cycle, that is a regularly recurring process of expansion and contraction that has any of the mathematical precision of a cycle. And so far as business forecasting is concerned, which is absolutely essential to any kind of successful planning, the experience of the past few years has left the prophets with very black eyes. The best minds that we can actually get into places of high authority are evidently not very good guessers. Again let us be specific. The Harvard Economic Society probably has been staffed by as able and as disinterested economists as can be found anywhere in the country. In the Society's weekly letter of May 17, 1930, occurs the following:

Following the recent sharp decline in stock prices there may be a brief period of hesitation and reduced trading ac-

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- 1 **RAW MATERIALS:** Arkansas has an abundance of forest, field and orchard crops; a wide range of fuel, metallic and non-metallic minerals; and a diversity of semi-raw materials and by-products for further processing and fabricating.
- 2 **LABOR:** Arkansas offers an ample supply of skilled and unskilled labor of native American stock. 1,450,000 white population of which 99.3 per cent are native-born Americans and 77 per cent native-born Arkansans.
- 3 **POWER—at low cost:** Extensive oil and gas fields; substantial reserves of semi-anthracite and semi-bituminous coal averaging 14,000 b.t.u.; and hydroelectric power with 94,530 h.p. installed and 527,800 h.p. potential.
- 4 **MARKETS:** Arkansas is a strategic center for reaching 55 million people within a radius of 500 miles. Short-haul delivery to the principal markets of the Mississippi Valley and to Gulf ports.
- 5 **TRANSPORTATION:** Arkansas answers with 7 major railroads including 6 trunk lines; a network of national and state hard-surfaced, all-weather highways; through standard air service and Mississippi River barge lines.
- 6 **LEGISLATION:** State and municipal governments, awake to the times, are enacting new legislation in keeping with industrial developments. Industry, coming to Arkansas, will receive cooperation.

For additional information concerning Arkansas and its industrial opportunities, address Industrial Division

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tivity before the upward movement is resumed. That the advance will be resumed, after such hesitation, seems probable. Some of the conditions which led to the drop—for example, bond market congestion and commodity price weakness—are in process of correction. Money conditions are exceptionally favorable, and improved business is in prospect. Prices, particularly of better stocks, may therefore be expected to advance further this year, even though they do not reach the 1929 peak.

Suppose this group of economists had been on the staff of the planning board, what would have happened?

After all, how trustworthy are the premises from which the planners do their reasoning? Can we trust the correctness of their diagnoses? Although they may be changing their views today, just a few years back all the advocates of a planned economy seemed to be concerned with adjusting production to consumption. They had no illusion as to the basic cause of the depression; it was too much production. Consumption was imagined to be a more or less fixed quantity to which production must

be reduced. But there was a needless waste of economic patten on this point. It is a simple enough matter to reduce production, but somehow it never equates with consumption; it simply drives consumption to lower levels.

Finally, there are the insurmountable political difficulties. After all, ours is a democracy with responsible institutions and there is no doubt that powerful influences have invariably been brought to bear in those fields of economic planning in which from time to time we have already engaged throughout our history. The tariff, for example, is an excellent instance of economic planning in which selfish interests have normally exerted tremendous pressure.

The Federal Reserve Board, a powerful agency of planning, has been severely criticized for its acts of omission as well as of commission in not staving off the speculative boom of 1928. But what planning board would venture to order any serious deflation on the eve of a presidential

BELLRINGERS



A Playhouse Sold \$10,000 of Copper

BY APPLYING copper in thin, continuous strips extending the full length of the roof, an Oakland, California manufacturer lowered labor costs to such an extent that he could compete with lower priced roofing materials for small homes.

In order to attract attention of prospective customers, he bought a ten dollar children's playhouse, roofed it with his copper strips, and placed it in front of his plant on a well-traveled thoroughfare. Attracted by the urge to examine chil-

dren's toys and miniature replicas of all sorts, prospective buyers stop to examine the house and get a sales talk on the qualities of copper roofing.

Other dealers followed his lead. Now California is dotted with playhouses which are being used to demonstrate building materials, plumbing fixtures and landscape gardening. Distributors of furniture, draperies and all kinds of household equipment are considering similar plans.

election? Men willing to be crucified for the people are sometimes found but, as has often been pointed out, they are not always in public life when needed.

There is another aspect to this. Under our system of business management men who possess the authority to make vital decisions also have to accept responsibility for the consequences of those decisions. There has been a great turnover of business executives in the past few years. Boards of directors and stockholders demand infallibility. Can we expect the same conditions to prevail among our planners? Let us see.

The Federal Farm Board as part of its planning program solemnly counseled the farmers against selling wheat at \$1.20 a bushel and, in spite of the Board's optimism, the price subsequently fell to 50 cents. Was the board fired? Not at all.

Nobody seems to care particularly about the farmer except at election time, but suppose business men followed the commands or even the counsels of our planning board and their operations turned out badly, who would bear the loss and stand the gaff? For that matter, how long, under a form of government such as ours, would business men continue to tolerate a system of planning that causes losses to anybody? That some business men and businesses will lose under any system, planned or unplanned, is self-evident. Authority without responsibility is dangerous in a democracy.

We can't agree on plans

HEREIN, then, lie the basic weaknesses and objections to any scheme for national economic planning. Superficially, the idea is attractive. But we know how it will work out because we have had experience with the varied procedures that the planners expect us to follow. We know how extremely difficult it is to set up a board that will command continuing support either for its members or its staff. We resent advice that runs counter to what we think are our immediate interests and we have never stood long for compulsion. Our fundamental knowledge of economic forces is still too meager and perhaps will always be to enable us to plan very far ahead. Certainly the drouth upset the best laid plans of the A.A.A.

Government planning, moreover, is political planning. This is meant in no sinister sense at all, but so long as the American system rests politically on democracy and economically on free enterprise any planned direction of our future will be properly subject to popular, and that means political, control.

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All you need to know about PAINT

Climbing to Success on Frog Legs

(Continued from page 27)

their own cannibalistic habits. A big bullfrog will swallow a tadpole or baby frog as readily as a crayfish or a top minnow, but baby frogs cannot swallow each other nor can adult frogs swallow any living morsel as large as themselves.

The feeding of tadpoles is simple, since they will fatten and thrive upon practically any organic substance—stale bread, table scraps, or anything. It is entirely probable that many of the frog farm failures in this country have been attributable to underestimating the magnitude of the food problem of growing young and adult frogs. We have no larvae of silkworm in this country. There may be substitutes which we can animate mechanically and use successfully, but for the present the American ranaculturist must give his frogs living food—chiefly crayfish (*Cambarus clarkii*) raised for the purpose in separate food-breeding pools, living top minnows (*Gambusia*) and various devices that attract or breed insect food.

Experiments have convinced me that, under a planned and protected system of frog culture, frogs will multiply at such a rate that it becomes impossible to retain and feed more than 20 per cent of the frogs that progress beyond the tadpole stage. For this reason I've been back-feeding about 80 per cent of my baby frogs to the adults. Someday we'll find a way to eliminate this waste,

but the man doesn't live today who can say authoritatively how it is to be done.

Every frog I can ever hope to raise is spoken for a year in advance at \$5 a dozen for frogs 20 inches in length or larger delivered alive, or at \$6 a dozen dressed and iced. Domestic production will probably never lower these prices within my lifetime, but if it does, I'd rather sell 100,000 frogs a year at a profit of ten cents each than a 1937 crop of perhaps 5,000 frogs at 50 cents each. The man who can raise frogs in any number up to several hundred thousand a year will not have to worry about competition for many a year. A more abundant supply would only tend to stabilize the market and stimulate the demand among all the millions of Americans who have yet to learn the savory deliciousness of frog meat.

Diversified produce

BECAUSE capital has been and still is a serious problem for me, and because there are still so many experimental angles to frog culture, I didn't make the mistake of putting all my eggs in the frog basket. My first effort after getting a roof over my head was to put in a garden, some poultry, a few pigs, and various other things that would provide my family with food and knock the props out from under the costs of living.

Next, after getting these things started, I went after the six potential



Mrs. Haig with six pounds of frogs. By only eating the legs of these monsters, Americans throw away one-third of the meat



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arable acres and planted them to taro, ginger and water chestnuts. The cultivation of these crops in Southern California or similar climatic zones of the United States is no more experimental than the culture of carrots or cowpeas. Much of my information on the subject came from the United States Department of Agriculture. I had a good crop of these plants in 1935 and 1936 and can reasonably expect a good crop this year.

Taro root is the surest crop, consequently the least valuable. Nevertheless, it produces heavily and if the price ever goes down to \$25 a ton, I'll still be making money out of it. Ginger at \$175 a ton. Water chestnuts at \$200 a ton and water lotus root at \$150 a ton. Still we're importing thousands of tons of these products from China annually, with shipments from eight to 12 weeks old when they get here and then a 25 per cent import duty. That is why my limited crop goes to Chinatown in Los Angeles where a dozen commission merchants plead for deliveries I can never hope to make in sufficient volume, beg for the next truckload and pay for every pound of it in cash.

Diversified agriculture

I ALSO tried all sorts of experiments which eventually produced two that are really successful. One is a vast school of silver-sided, dwarf gouramis, a surface-feeding minnow, originally a native of India. These tiny fishes, which seldom attain an adult length of more than three inches, serve three distinct purposes. I began breeding them three years ago from 100 pairs obtained from a local aquarium. Now we have millions of them. They have abated the mosquito nuisance by feeding upon the mosquito larvae. The frogs catch and swallow thousands of them every day and that helps to fatten frogs. Then all through the summer season Mrs. Haig does a nice little business selling live gouramis to anglers for bait—25 live bait fish for \$1. We probably couldn't earn a living from this source alone, but it pays the taxes, buys gasoline, coffee, sugar and various other things we cannot produce.

In Japan and China I've eaten all sorts of foods that are "queer" from the Occidental point of view, and I knew that both the Japanese and Chinese are passionately fond of the large, fresh-water, Japanese, trap-door snail. Wise people those Orientals; the snails are delicious. So in 1934, I obtained 1,000 snails from a Chinese dealer in San Francisco. These creatures multiply like flies. They grow to maturity—to the size of a large walnut in approximately six months. They require no atten-

tion whatever. They feed upon algae and other microscopic plant life, thus they are excellent scavengers. My original 1,000 snails are now millions. A bushel of them can be gathered in an hour by merely wading into a pond with hip boots and picking the snails like gooseberries from the under side of the water lotus leaves. Ten cents cash a dozen for large fat ones in the markets of Chinatown and Little Tokio in Los Angeles and San Francisco. Also a national chop suey restaurant trade demand that still has to import snails from the Orient.

Several large American food canning firms have already conducted successful experiments with the canning of frog meat. The supply of canned frog meat is limited. If you care to sample it, you'll pay 50 cents for an eight-ounce tin. This phase of the business is obviously capable of enormous expansion. But who's got the frogs? The limited supply of frogs now reaching the markets is steadily being hunted out. An adequate supply can be obtained only from large scale domestic production—something which does not now exist.

Moreover, the prospective ranaculturist will have to do a lot of experimenting to develop a really effective system of bullfrog culture adapted to the widely-varying climatic conditions of the United States. Bullfrogs may thrive as far north as Ontario but the conditions which govern their growth and development differ enormously in the latitude of Florida or the climate of Southern California as compared with the climatic conditions prevailing in such states as Maine or Missouri. There are wild bullfrogs as far north as Quebec and in Canada it takes three years for a bullfrog to reach adult life, as compared with 12 months in the Everglades of Florida, 18 months in the hottest valleys of Southern California.

Thus far no frog diseases have made their appearance among my amphibians, although a disease known as red leg has put many a promising frog farm out of business. It is caused by a fungus present in some waters which attacks frogs that bruise their noses, get cut or are otherwise injured. No cure for the disease is known at present.

The growth of a frog depends largely upon climate and abundance of food. Since we're dealing with a so-called cold-blooded creature—one whose body temperature is always that of the surrounding air or water, a frog is in danger if he becomes overheated beyond approximately 100 degrees. If air and water temperatures go below 50 degrees, frogs

cease to function—hibernating until things warm up again. Hibernation delays growth in a direct ratio to the length of the period of hibernation. The period of hibernation in Southern California is very short, usually from late in December until the middle of February.

The ideal climate for raising frogs would be one where annual average temperatures might remain at exactly 80 degrees. That is why I can never look at a glassed-in greenhouse without being convinced that bullfrog culture should be highly successful under glass—in a controlled temperature independent of the climate outside—and anywhere on the face of the earth. Such methods would be expensive. On the other hand, such expense would be justified if large-scale production might be obtained with growth and development speeded by intensive feeding and absolute control of the climatic factors which now delay and hamper the ranaculturist. There's a tremendously interesting field for experimentation here with enormous financial rewards awaiting those whose experiments may prove successful.

Old style farmers

MY Mexican neighbors, all orthodox farmers, are still sticking in the same old ruts—growing tomatoes, cucumbers, watermelons—everything that everyone else is growing. They plant whatever the others plant. Then when the crops come on the markets are glutted. Tomatoes went last year for \$14 a ton. Everything is in proportion and they're all poor in the midst of their abundance. For my part I'll stick to my swamp with all its profitable and non-competitive possibilities. The Chinese, with a civilization infinitely older than ours, have pointed the way. Swampland is the most valuable land in China. Americans have only begun to learn the value of swampland, lake and river bottom. I can foresee the day when every acre of marsh in these United States will be a production ground for valuable plant and animal crops. We'll be turning back to marsh all the millions of acres that we or our ancestors so ruthlessly drained. When this is done we'll be much nearer the desired goal of a balanced agriculture and correct a lot of mistakes of the past. Aquiculture, as practiced by the Chinese for at least a thousand years, is a logical, partial answer to one of our most desperate national problems—the problem of soil erosion, the restoration of water resources for the control of floods, drought and dust storms as well as the creation of breeding grounds for desirable species of fish and game.



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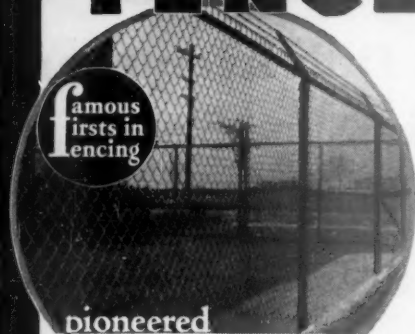
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Inventories and Rising Prices

(Continued from page 126)

hides (boots are as much a soldier's essentials as his rifle); cottonseed oil (used in the preparation of glycerin).

While war scares played a major part in prodding Europe into commodity action, in essence the final push came from the definite outlook for higher staple prices.

Recently, commodity prices have shown a tendency to stabilize around current levels—perhaps only for a brief breathing spell, yet long enough to permit appraisal of price prospects so necessary for consumers eager to adjust their inventory positions. Two major factors seem likely to govern the future price trend:

First, are current high prices (the indices are nearly 90 per cent of the Administration's 1924-26 objective) likely to stimulate renewed surplus producing farm activities and perhaps even upset the carefully tended commodity apple carts that had been government or internationally controlled?

Second, has the late 1936 and early 1937 consumer buying wave already produced such an inventory position that buyers can afford to sit back more comfortably and await developments?

It is considerably easier to answer the second question than the first. Despite large scale purchases, consumers here and abroad are still—and this necessarily is a generalization—as a group not sufficiently stocked that their inventories provide a reasonable margin of safety. The supplies available late in 1936 and early this year at what consumers regarded as reasonable quotations were not much larger than these users' going needs. As a result inventories were only slightly increased.

Now, if business men who use large volumes of commodities in their finished articles believed that trade would slacken off, they doubtless would have been content to stand aside for a time on their limited reserves and await developments. However, reliable trade forecasters painted an optimistic picture of early 1937 business. (So far the indices to a large extent confirm these predictions.) After this, of course, is the usually improved spring season, with its heartening outlook for durable goods industries. Credit expansion should add impetus to the activity. All these factors have added to the urge of the business man commodity user to enlarge his inventories.

Inevitably, in time, high prices will attract increased production of commodities. The consumer-manufacturer naturally must watch this trend

carefully, since he has no desire to be caught with a batch of high priced inventories at a time when their value is decreasing.

Just now, however, three things indicate that high prices will not produce bumper crops in 1937:

First, there is no definite indication that the world drought cycle has been entirely eliminated.

Second, for certain staples like cocoa beans and coffee, new trees do not arrive at the proper fruiting stage for from five to seven years. In Brazil, new tree plantings have been prohibited by law for five years and as trees reach a certain age their productivity lessens.

Third, international control measures hold the leash on exportable supplies through quota systems. Such control measures are currently being practiced in rubber, sugar and tin, to mention three major examples.

Then the commodity user must consider that consumptive demand for his finished products is probably around the best in history. Increased population here is one reason for this. Increased *per capita* use as new fields are found for commodity distribution is another.

Indications are that, with the important farm sector spending what represents, after deduction of lower costs, its largest net income since the World War, consumptive requirements will continue high. Therefore, a larger inventory is needed if the customary percentage of reserve is to be maintained.

Consumers may resist price rises

THERE seems little question, however, that the manufacturer of finished goods will face a period of readjustment this year. Possibly it may be met by increasing prices of his finished goods if consumer resistance is weakened. In such articles as chocolate and shoes, however, the increase that can be made without incurring consumer displeasure is small as compared to the increase in the cost of raw materials.

The general picture today is typical of that existing ordinarily in the earlier stages of a period of business expansion. Should national income continue to mount, as seems likely—and on a *per capita* basis it is still only 88.5 per cent of the 1924-9 level, excluding farm income—consumer resistance to modest price increases in finished products may be rather feeble. In that case, the accumulation of a line of raw inventories might in the long run prove more profitable to the manufacturer than seems likely on the surface.

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What Shall I Buy On Time?

(Continued from page 23)

immediate replacement by an icebox at a cash outlay much greater than the instalment payment. The easier thing is to pay and fulfill the contract. Therefore, instalment houses market refrigerators on low terms and extend the time period in some cases up to 36 months.

Washing machines, on the other hand, frequently go into homes where every dollar is vitally important. A washer is easily removed from the premises; the purchaser risk is high and the price low. As a result terms range from 12 to 15 months, and the finance charge is high as compared to oil burners or refrigerators.

The same considerations apply to other low-priced articles unless several such articles may be bought simultaneously, and the minimum rate figured on a combined, larger balance.

Whether or not the dealer handles his own paper, practically the same considerations boost the rate on low-priced articles.

Radios offer hazards to the instalment dealer. Models change rapidly, with swift depreciation. The buyer has less incentive to keep up payments on his old model—he wants a new one, and this human whim is figured into the rate.

Automobiles sold on time

AS FOR automobiles, more than half the cars sold in this country are purchased on time and this percentage would be much higher but for the cash purchases by fleet owners and other large commercial institutions. The finance charge has been relatively high because hazards are high.

The time financing of automobiles has been abused by some dealers, who have tried to make a profit out of the finance charge. Usually it is easy to determine the finance charge on an instalment purchase—multiply the monthly payment by the number of instalments, add the down payment, and add the trade-in allowance, if any. Total these items, then subtract from the total the cash price.

For automobiles, however, the variations between local dealer quotations and the F. O. B. prices quoted in national and other advertising, the inclusion of fire and theft insurance, and other factors have kept the purchaser in the dark as to just what the finance charge might be. Automobile manufacturers have taken some measures to correct this. General Mo-

tors Acceptance Corporation brought out a finance rate on automobiles, arrived at by adding to the unpaid balance on the transaction, the insurance charges for fire, theft and collision—multiplying that total by one half of one per cent for each month that the contract runs. On a 12 months' deal the charge would be six per cent on the unpaid balance-plus-insurance.

Most leading finance companies handling automobiles have fallen into line with General Motors' rates. Some motor-car manufacturers have advertised nationally, making a sincere effort to educate the public against padded finance charges by dealers.

Expensive buying on time

THE customer who buys furniture on time must make up his mind that the store which sells furniture in this way must charge a high finance rate to take care of repossessions and losses. If an account goes bad, how much can be realized on the sale of second-hand furniture? The absence of serial numbers makes it difficult for the dealer to identify his own article. High mark-up is inevitable.

Instalment buying of wearing apparel is an even greater risk than furniture. There is practically no repossession value, and style depreciation is rapid. This consumer group is the poorest type of financial risk. Therefore, the finance rate has to be high.

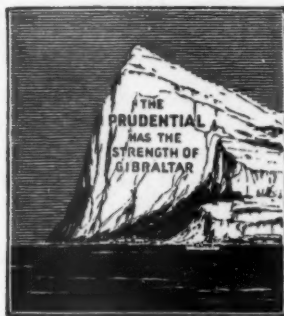
It is manifestly unfair to let people not qualified for credit buy on time, and it is encouraging to know that there is some indication of more stringent credit checking than in the past. This trend is subtly reflected in advertisements of instalment dealers urging financially responsible persons *who have a cash reserve* to buy on time rather than draw their money from the bank.

The consumer must, of course, make his own decision! If the purchase is imperative at the time, he may prefer to pay the higher price, and to risk the possible repossession of the product and the possibility of a deficiency judgment, rather than to make a cash expenditure which may entail future hardship. Even then by all means cling fast to a few elemental rules:

1. Consider the amount of the purchase. If it is comparatively small, better save up and buy outright, for the finance charge will be proportionately high.

2. Consider the rate of depreciation. If the article goes out of style quickly, or deteriorates rapidly through use with a low resale value, the finance charge will soar accordingly.

3. Bearing these facts in mind, buy articles of widely publicized price and quality, and you will be protected to the maximum degree against hidden mark-up in the finance charge you pay.



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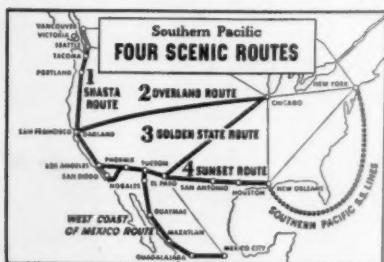
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For expert assistance in planning your trip, see any Southern Pacific representative or write O. P. Bartlett, Dept. NB-5, 310 So. Michigan Avenue, Chicago.

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Eight Facts Looking for an Audience

(Continued from page 20)

the old carbon arc lamp for the streets, asked the committee:

"Have you the views of Mr. Edison on this?"

And the reply was:

"Mr. Edison has no standing in scientific circles."

If a political agency had had the omniscience to pick out of 50,000 inventions and discoveries of that year this one thing at West Orange, would it have been possible for that political agency to take money by taxation to promote and develop something that was under derision and ridicule by the people themselves?

It must be recalled that Parliament, responding to public clamor, passed a law forbidding the laying of a track upon which Stephenson's engine was to run.

In the United States, we cast derision upon a professor who set out to fly through the air; the officials called a man haunting the Patent Office with a pneumatic tire, "the fool who would ride on air;" the Post Office Department refused to consider buying Morse's telegraph for \$100,000 on the ground that it could never be made practical.

That is why it is doubtful if a political agency can take this 35 cents that we are now turning over to it and get any development of wealth-producing enterprises that may in the next 50 years take care of another 10,000,000 of our citizens in gainful occupations. All we may expect from politics is the taking over of industries already pioneered.

Fact Number Seven: Only nine or ten years ago foreign governments were sending officials and private commissions to this country to find out why our industrial tail-lights were showing themselves to the rest of the world.

What did they find?

They found, for example, that this country, with not quite seven per cent of the population of the world, has created and owns more than half of the world's wealth. They found this wealth so widely distributed that the condition of the average man in this country so attracts the nationals of 59 other countries that we have had to build immigration walls higher and higher to keep from being swamped by an onrush of millions of other people.

Our foreign visitors found, for example, in this country the highest standard of living that the world has ever seen, a standard of living that

consumes today more than half of the world's coffee; a third of its tea; 60 per cent of all of its minerals.

They found that our automobile industry manufactures 92 per cent of all the automobiles in the world and keeps 90 per cent of them here at home to travel on 318,000 miles of hard-surfaced highway.

They found that more than half of the transportation facilities and the communication facilities of the world were in use by this seven per cent of the population.

They found \$3,000,000,000—to bring the figures up to date—spent last year for education—more than all Europe combined spends. Our school-houses they found luxurious palaces compared with the schools they had known, and a greater percentage of those of school age were in our schools here today than anywhere else.

They found real and practical independence of women. While other nations have talked about it, we have gone ahead and done it—political, social and economic. They found that, since 1900, some 7,000,000 women had been assimilated by this system into gainful employment; a total of 11,000,000 in 1930.

They found that our people had taken out 65,000,000 life insurance policies for their own social security without waiting for the Government to bring it about. They found between 10,000,000 and 12,000,000 who had building and loan and savings accounts; that 55 per cent of the farms of this country were without a dollar of mortgage, and 60 per cent of the urban homes of the land were unencumbered.

They found that this country in 150 years had created three times as much wealth as the whole world had been able to create up to 1776.

They hunted for the reasons, unsuccessfully. Perhaps they were unsuccessful because they did not go back far enough, to the crossroads of 1776 and 1789. That would have brought them to

Fact Number Eight: It was then that a new relationship between the individual and his political government was set up. The individual was to be the master, the political ruler, the servant. The powers of political servants were to be restricted. Our political servants were, in effect, agents. The individual was to have the right to go out, if he saw something that he wanted to do, and try his hand. There was to be no caste, no rights of heri-

tage, no divine right of rulers. No one should be compelled to follow the trade of his father. The individual was to have economic freedom as well as political freedom. As a matter of fact, the early debates failed to bring out the modern distinction between "property and human rights," the builders of the new society saw the worthlessness of the one without the other.

If our political agents wanted more power, all that was necessary was for them to come to the people and state the case. The people would decide whether to grant that power. On 20-odd occasions the agency contract has been changed in this formal way—by amendments to the Constitution.

This economic freedom gave incentive to the lowliest worker that he some day might be the foreman, and superintendent, and indeed, as the case has been throughout the pages of our history, go on to the very top. Of 141 presidents of Class A railroads, for example, more than half started as telegraphers, section hands and clerks.

This economic freedom produced a group of enterprisers, that is, stimulators, such as the world had never seen.

It may be that the founders had no gleam of omniscience, that, as it is said nowadays, they were just ordinary men.

Be that as it may, they built better than they knew. For their plan provided for the least government on the face of the earth, which, in turn, provided for the least government expense.

This left with the people a large percentage of their earnings which voluntarily, under the urge of the enterprisers, went into development of every kind. The two, the spirit of enterprise and the wherewithal to take risks, permitted the American people to dare as no other nation could dare.

Furthermore, they could dare more intelligently, with less risk, because the wise provision of a three-part government, assured the risk-taker less uncertainty of a change in rules. The American worked under a government of written law, and not under a government of men.

These simple, yet fundamental facts, cry out today for an audience, lest the American people sink to a level of the other government-ridden countries of the world—lest the American tradition of ordered liberty under law, the dependence upon the worth and dignity and resourcefulness of the individual be lost.

If it is lost to America it will in truth be lost to the world; it will be a tradition without a country.

M. T.

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Uncle Sam, M. D.

(Continued from page 30)

1912. In both countries the plan is limited to low wage earners and covers 31.4 per cent of all Germans, 39 per cent of the workingmen and women in Great Britain.

The law in England is limited to manual laborers more than 16 and white collar workers earning not more than \$1,250 a year. The cost is 18 cents a week for men and 17 cents for women. Of this, the employer contributes nine cents regardless of the sex of the worker. To the total, the Government adds approximately one-seventh.

The charge against the fund for medical benefits is limited to six cents a week for every insured person. The balance of the money paid in goes for benefits—sickness, disablement and maternity—and the cost of administration. Furthermore, health insurance is interlocked with widows' and orphans' insurance.

The health section is administered through Insurance Committees organized in every county and county borough by the insured, doctors and authorities. Each committee prepares a panel of doctors who wish to treat insured persons.

Any doctor may have his name on a panel (most of the good ones stick to private practice) and any insured person may select any panel doctor. A dissatisfied patient may change his doctor after a month's notice. A doctor can get rid of a disagreeable patient on 14 days' notice. Every panel doctor agrees to supply every person on his list with all medical treatment (within the competence of a general practitioner) and prescribe as necessary within the appropriation for medicines. For each person on his list a doctor receives \$2.25 a year.

The British Ministry of Health's report shows that, in 1934, there were 15,521,000 persons on the panels of 15,500 physicians. Average income for the doctors was \$2,252, less an emergency deduction of seven and a half per cent, leaving \$2,083. After paying income tax of 25 per cent, the doctor had \$1,562 left with which to pay living expenses and hire office help.

While the average number of patients was 1,001, about one-third of the doctors in London had from 1,250 to 2,500. Even then economic circumstances forced panel doctors to continue private practice.

Panel doctors look at from 30 to 60 patients a day. They go by him rapidly, almost mechanically. It is a tiresome and tiring business. Snap judgment is common, errors numerous.

Whether they are sick or not,

patients bring in numerous forms for other insurance funds which some doctor must sign. They ask him for iodine, aspirin, lozenges and bandages for future use around the house. Some have a liking for a particular tonic and demand it repeatedly. Often enough a wife comes in asking for "something for 'Enry's cough." Knowing "'Enry," the harried doctor frequently gives it to her although he is supposed to see the patient. Malt and "Russian oil" are favorites of panel patients, since they may be traded elsewhere for something more desirable. The situation has caused Sir Kingsley Wood, Minister of Health, to tell the House of Commons "we are rapidly becoming a nation of medicine drinkers."

Doctors do double duty

IN SOME areas in London panel doctors hang in their offices signs reading, "Please do not spit on the floor." Some panel doctors have separate waiting rooms for panel and private patients. Others have one office for panel patients and, miles away in a tonier neighborhood, a second office for private practice. There are instances of doctors with two offices for panel patients, serving them at different hours.

The doctor knows that some who saw him as a panel doctor will be back to talk over their cases for a fee, as private patients to private physician, with the comforting thought that an inquiring regional medical officer or an insurance commissioner cannot read their records.

It is not astonishing, therefore, to learn that more than 50 per cent of those treated at free clinics in London hospitals are insured persons; that in many instances their cases had not been diagnosed by panel doctors. Nor that 600,000 Britishers compelled to pay premiums for health insurance thought so little of panel practice they did not register with Insurance Committees, thus scorning the medical service for which they had been taxed.

Speakers for organizations of the insured have complained that too few good doctors enter panel practice, that the better ones in it resign because it holds them back professionally. These speakers have repeatedly expressed their doubt panel doctors are keeping up with medical science. To remedy these short-comings, the insurance fund appropriated \$40,000 for scientific betterment in 1934. Of this, only \$11,770 was spent. It went for short courses of post-graduate

study. Divided among 86 panel doctors, there was an average of \$137 for each one!

In addition to medical treatment, the compulsory health insurance act in England provides sickness benefits up to \$3.75 a week, disablement benefits to \$1.85 weekly, and maternity benefits in a lump sum of \$10 or \$20, depending on whether the woman or her husband is insured. These benefits are administered by hundreds of Approved Societies with some 5,000 branches. These self-governing groups are usually formed by persons already associated in political, fraternal, labor and religious organizations.

There is, then, a double reason why politicians should listen to them. This may explain why, in 1932, at the request of the societies, regional medical officers certified 621,689 persons unfit to work and put them on weekly benefit rolls. These 621,689 had only a short time before been declared well.

Political influence of Approved Societies is one of the reasons there was no fulfillment of the hope that, under compulsory health insurance, the panel doctors would detect disease in its early stages and thereby reduce the tremendous financial loss to workers and industry from illness. Actually, the loss has grown enormously. An official survey of the insured population of England revealed that, in 1933, the loss through sickness was 12½ days per worker, as against nine days before health insurance. The record in Germany, where compulsory health insurance has been in force longer, is much worse. In 50 years of the system there the annual loss from sickness has increased from five and a half days to 28 days. In the United States, the loss has remained the same, six and a half days, for 25 years.

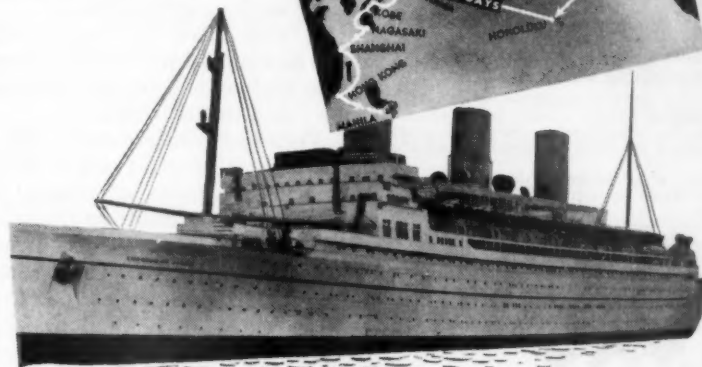
Patients seek sick benefits

NO ONE claims that sickness in England and Germany increased to the extent these figures might indicate. What actually happened was that lazy workers managed to get themselves on benefit rolls. There are statistics to prove the volume of malingering. Of 2,008 Germans ordered to final examination to determine whether they were fit for work, 816 immediately decided they had recovered, 289 others were found to be well. The same situation is found in England. On the re-examination of 468,000 persons in 1934, 179,000 were declared sick, 289,000 were found to be well!

Social workers also claim compulsory health insurance is a great stride in preventive medicine. The claim is unsupported by facts. After

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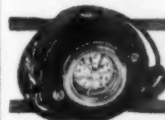
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analyzing reported diphtheria cases for ten years ending in 1933, the League of Nations concluded:

The number of cases increased in Germany and Austria, where the insurance system extends to the family, and also in England and Wales, where families are not included. The number of cases has declined most rapidly in Canada and the United States where there is no compulsory sickness insurance.

(In 1936 the province of British Columbia adopted compulsory health insurance providing only for medical care, excluding benefits.)

A year later the League reported the death rate from tuberculosis was also higher in countries with compulsory health insurance.

Figures for infant mortality, which the medical world regards as a highly sensitive index of general health, also are unfavorable to those nations with compulsory health insurance. For 52 German cities the rate was 60; for 121 English cities, 63. Compare these rates with Boston, 57; New York, 52; Cleveland, 44; Chicago, 48; Los Angeles, 53; Toronto, 48.

Sickness rate is higher

IN EUROPE they seem to be getting sick more often and staying sick longer. Happily, the situation in the United States is just the opposite. As recently as 1910, the average time a patient remained in an American hospital was 20 days. Today it is just half that. For Americans also two years have been added to life expectancy, at birth, since 1929.

Europeans frankly envy our progress in preventive medicine. Edwin T. Nash, British public health official, offers one explanation for this advance in the *Journal of State Medicine*:

America has been some ten years ahead of us in this matter, due to a certain extent to the American flair for wholesale publicity, together with a more polyglot population in its big towns that is more susceptible to flamboyant methods of propaganda than our more sober-minded and less emotional people.

It is just possible that the absence of mass practice has had something to do with the manner in which American medicine has been going places.

American Government workers were in England late in 1936 studying compulsory health insurance. Will they report that only half the work done by panel dentists was judged "satisfactory" in 1934? Will they tell us the cost of administering the act was half the total sum received by panel doctors? Will they overlook the fact the London County Council, under the poor law, still maintains hospitals and institutions with 42,000 beds for the sick poor?

They will tell you, certainly, that 45 per cent of British doctors are in

panel practice and that a vast majority of them are for compulsory health insurance. They will tell you, also, the British Medical Association favors it. They favor it because the unattractive conditions today are better than they were before, when people of small incomes prepared for sickness expense by joining Friendly Societies.

A suggestion for state medicine

COMPULSORY health insurance is no stranger in our state legislatures. Some 25 of them have considered a bill sponsored by the American Association for Social Security. It takes a whopping big slice off the pay roll, saddles more taxation upon worried states. One important reason the bill has not been adopted probably is that politicians sometimes become ill and when they do, they take their illnesses seriously.

But the measure has been studied in Washington by those interested in putting over compulsory health insurance on a national scale and we may well take a look at it.

Annual compulsory contributions are graduated according to the pay of the worker. Here they are:

Worker	\$10.40 to \$93.60
Employer	33.80 to 46.80
State	15.60 to 46.80

Three-fourths of the fund is for medical care. The remaining fourth is for cash payments up to \$19.50 a week for family heads who are sick and unable to work.

The bill sets up in each state a State Health Insurance Board of five, a State Advisory Council of 12, and a State Medical Advisory Council of nine.

A state is divided into districts, each with a full time medical supervisor and a finance officer. A district is sub-divided into local areas, each with two permanent employees, a council of four appointed members receiving a *per diem* and expenses, and as many local advisory committees as are necessary, with expenses paid.

Under this bill, the state will begin taking an interest in your child before it is born. An expectant mother will receive benefits six weeks before and after the birth of her child "providing she is receiving pre-natal care prescribed by the board!" Care for others "shall include, under such regulations as the board may prescribe, immunization and periodic physical examinations."

If the state thinks your teeth need fixing they will be fixed to the extent "necessary to correct conditions which the board finds are seriously prejudicial to health, or are causing or threatening to cause disability, or

are interfering or threatening to interfere with the pursuit of gainful occupation." Appliances and glass eyes will be distributed. And there are additional benefits which the board may provide without charge.

The board can make donations to medical institutions, create new medical facilities, "take such steps as it may deem feasible and appropriate to reduce and prevent sickness, injury and death."

Finally, "It shall have full investigatory powers and shall have direct access to the sources of all information!"

This is a plan for as complete and autocratic a bureaucracy as ever fastened itself on a docile democracy. It is offered in the guise of compulsory health insurance, for which there seems to be no popular demand. There is a movement to create an artificial demand. With all of this the doctor has no sympathy because he knows the two outstanding causes of sickness are poor housing and malnutrition, social problems big enough to engage all the energies of all the social workers for the rest of their lives.

Few lack medical care

IS THERE a need in the United States for compulsory health insurance? Most authoritative information on the question was gathered by the Committee on the Costs of Medical Care, and it was gathered by social workers. They concluded that 90.2 per cent of American sick receive competent medical care. We are, then, concerned with the remaining 9.8 per cent.

We do not know where they live except that unknown thousands of them are in backward states. If they live in cities they can receive excellent medical attention at hundreds of free clinics. If they do not seek these services now they cannot be compelled by law to seek them.

It is a fact that low income groups in the United States receive medical care superior to that obtainable by those in the same category living in countries which have compulsory health insurance. They pay for it, if they pay at all, according to their means. For their money they get a quality of service not to be found anywhere else in the world. It is also a fact that, although they were hit terrifically by the depression, doctors and hospitals gave, and continue to give, more free services than any other class.

Physicians, alone, provide the sick poor with services valued at \$750,000 a day!

They are not boasting about it, they are not squawking about it. But

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they are becoming vocal about the propaganda for legislation designed to place the sick, and the treatment of the sick, under political control. They have some ideas of their own about what should be done. Only a few months ago the trustees of the American Medical Association made the following offer:

Referring to a group of the population neither wholly indigent nor fully competent financially, but under some circumstances unable to meet the costs of the usual medical procedures: The board points out the willingness of the profession today to do its utmost to provide adequate medical service for all of those unable to pay either in whole or in part. Members of the medical profession, locally and in the various states, are ready and willing to consider other ways and means for meeting the problems of providing medical service, and diagnostic laboratory facilities for all requiring such service, and not able to meet the full cost thereof. These are financial and administrative problems of local rather than federal responsibility.

Willingness to meet the situation does not constitute in any sense of the word an endorsement of health insurance, either voluntary or compulsory, as a means of meeting the situation.

This statement of principles by organized medicine admitted that conditions are not altogether satisfactory, but expressed a willingness to cooperate in finding a remedy. Before the month ended there was action.

In assuming the presidency of the Medical Society of the County of New York, Dr. Adolph G. DeSanctis proposed the establishment of a medical service bureau to determine patients' capacity to pay. The bureau would arrange for minimum fees comparable to fees fixed by the Workmen's Compensation Bureau. Reductions would amount to from 50 to 75 per cent of normal fees.

The doctors' opinion

ALSO before the end of January, Dr. Charles Gordon Heyd, president of the American Medical Association, expressed in more detail some of the ideas of organized medicine for the improvement of conditions. They were:

Facilities for post graduate instruction must be enlarged greatly, coordinated and amplified. There must be courses for periodic reeducation of the doctor, keeping him abreast of medical discoveries.

A diagnostic laboratory service in chemistry, bacteriology and pathology should be established exclusively for practitioners and without cost to them.

All features of medical service in any method of medical practice should be under the control of the medical profession. No other body or individual is legally or educationally qualified to exercise such control.

No third party should be permitted to come between the patient and his physician in any medical relation.

Patients must have absolute freedom to choose a doctor.

In whatever way the cost of medical

service may be distributed, it should be paid for by the patient in accordance with his means and in a manner that is mutually satisfactory.

Medical service must have no connection with any indemnity cash benefits.

The insurance principle as applied to human sickness is acceptable only in buying hospital lodging and accommodations, food and general nursing care.

There should be a census of indigents and they should be certified by central bureaus under the Department of Welfare, with proper representation from the county medical society.

The free out-patient departments of hospitals should be completely separated financially from the pay services.

The number of patients that may attend any one clinic should be limited.

Dr. Heyd also asserted his unequivocal opposition to all forms of compulsory health insurance. He said:

These schemes tend to relieve the individual of his own responsibility and to increase the length of illness. In short, it is profitable for the individual to be sick. The outstanding defect is that it divides the practice of medicine into a class practice, and the measure of effectiveness of the medical service depends on the economic status of the patient. A superior type of service is created for the well-to-do. The practice of medicine in the lower economic groups becomes largely a prescription practice—a brief consultation, a scant history, a bottle of medicine.

We come now to the cost of compulsory health insurance in dollars. The employee will surrender a sizable percentage of his wages, the employer's share will be even larger. States, already bending under the burden of debt, will donate from 25 to 30 per cent of the total, receiving a partial kickback from the federal Government. But there will be more to it than that.

A paternal government providing an existence for those on relief will be called upon to take care of their health insurance premiums.

Hospitals and doctors will expect from states regular payments for those services now given to the sick poor.

And may not philanthropists who have built such a large number of our 7,000 hospitals with their 892,000 beds come to regard such endowment as also a responsibility of the states?

It is certain the states will be asked to make up any deficits in insurance funds.

Finally, the United States has more doctors per 100,000 population than in any other nation. And they are here in that comforting combination of quality with quantity. Proud of their ranking position in their science, and determined to maintain it, our doctors are virtually one in opposing a compulsory health insurance plan.

Who will not agree with them there is no place in American medicine for boondoggling?